Q.P. Code : 62204

# First Semester M.B.A. (Day & Evening) Degree Examination, February/March 2020

*(CBCS Scheme)*

**Management**

## Paper 1.4 — ECONOMICS FOR BUSINESS DECISIONS



*Time : 3 Hours]* *[Max. Marks : 70*

SECTION – A

Answer any **FIVE** questions. Each question carries **5** marks : **(5 × 5 = 25)**

1. What are the different kinds of Economic decisions of firm?

2. Specify the reasons of various stages in law of variable proportion.

3. Define explicit cost and implicit cost.

4. Briefly explain the degrees of price discrimination with suitable examples.

5. What are Isoquants? What is its importance?

6. Explain the Income and expenditure methods of measuring National Income.

7. The demand equation for pen per day is as under :

   $D = 160 - 15P$

   Calculate

   (a) How many pens per day can the firm sell at a price of Rs. 10 per pen?

   (b) If firm wants to sell two pens per day what price should it charge?

   (c) What is highest price firm can charge?

SECTION – B

Answer any **THREE** questions. Each question carries **10** marks : **(3 × 10 = 30)**

8. From the following data project the trend value of export sales for the year 2021.

| Years | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|---|
| Export sales (Units) | 120 | 140 | 150 | 170 | 190 | 200 | 227 |

9. Analyse the conditions under which a firm would be in position of equilibrium in the short run and long run under Perfect market competition. Discuss and show with the help of suitable diagrams.

10. Write short notes on :

(a) Production Possibility curve

(b) Cyert and March theory of firm

11. Discuss the features of Oligopoly and briefly explain the concept of prisoner's dilemma and Nash equilibrium.

SECTION – C

12. Case Study **Compulsory** : **(15)**

Read the following case and answer the questions given at the end.

Pricing in Movie Theatres :

In India, footfalls at movie theatres increased 1.5 times over the last three fiscals as rising spending power in cities saw more moviegoers flock to such entertainment outlets. An ET Intelligence Group analysis shows that between 2010-11 and 2012-13, most exhibition companies increased their penetration in tier II and III cities, pushing up the total screen count in the country by 43%.

Spurt in monthly income has fueled expansion in Movie theatres/multiplexes. Revenues, too, rose for most companies due to higher average ticket price. Movie theatres raises price of tickets during peak hours i.e., on evening shows and weekend shows when crowd is more and reduces it during day time and weekdays. Thus they provide same facilities at different period of time. This kind of pricing is very popular now a days in theatres as Demand characteristics vary from period to period. They justify this kind of pricing by suggesting that peak period users should pay most capacity costs, while off peak users may be required to pay only variable costs.

Pricing strategy of theatre are based on three main elements:

(i) The product cannot be storable.

(ii) The same facilities must be used to provide the service.

(iii) Variations in the demand characteristics at different period of time.

Questions :

(a) What type of pricing strategies are used by movie theatres?

(b) Do you think this is the case of efficient utilization of Firm's facilities?

(c) Who according to you may benefit in the long run, peak period customers or Non-peak period customers or both? Why?

(d) Illustrate the concept of type of pricing strategy suggested by you with the help of demand curve.