

**MANAGERIAL ECONOMICS**

Time: 3 hours

Max. Marks: 70

**PART - A Answer ONE Question from each UNIT (5 x 12 = 60 Marks)****All Questions Carry Equal Marks****PART - B Compulsory (1 x 10 = 10 Marks)****PART -A****UNIT-I**

Marks	CO	BL
6M	CO1	BL1

- 1.a) State the importance of incremental reasoning in managerial decision making.
- b) Explain the concept of profit measurement in managerial economics with suitable explanation.

**OR**

- 2.a) Describe the concept of time perspective and its relevance in managerial decision making.
- b) Discuss the theory of the firm. How does it relate to profit measurement?

**UNIT-II**

Marks	CO	BL
6M	CO2	BL2
6M	CO2	BL2

- 3.a) Describe any four demand determinants.
- b) Explain the law of demand and its exceptions.

**OR**

- 4.a) Describe any four methods of demand forecasting for established products.
- b) Explain the concept of elasticity of supply and its importance to producers.

**UNIT-III**

Marks	CO	BL
6M	CO3	BL6
6M	CO3	BL6

- 5.a) Discuss economies of scale with suitable explanation.
- b) Discuss the concept of returns to scale in the long run.

**OR**

- 6.a) Explain the law of variable proportions and its stages.
- b) Apply the Cobb–Douglas production function to explain the relationship between inputs and output.

**UNIT-IV**

Marks	CO	BL
6M	CO4	BL2
6M	CO4	BL3

- 7.a) Explain price determination under perfect competition.
- b) Apply the concept of pricing methods to a consumer goods company.

**OR**

- 8.a) Explain the concept of price discrimination and its degrees.
- b) Illustrate price determination under imperfect competition with a practical example.

**UNIT-V**

	<b>Marks</b>	<b>CO</b>	<b>BL</b>
9.a) Describe fiscal policy and monetary policy and their objectives.	6M	CO5	BL2
b) Illustrate monetary policy tools used by the central bank to regulate economic activity.	6M	CO5	BL2

**OR**

10.a) Discuss the causes of inflation and its effects on the economy	6M	CO5	BL6
b) Demonstrate how business cycles affect business decisions with an example.	6M	CO5	BL2

**PART – B**

**CASE STUDY**

	<b>Marks</b>	<b>CO</b>	<b>BL</b>
11 <b>Case: Rising Costs and Pricing Decisions at Sunrise Textiles Ltd.</b>	10 M	CO5	BL4

Sunrise Textiles Ltd. is a medium-sized textile manufacturing company operating in a highly competitive market. Over the last one year, the company has been facing several challenges. The prices of raw materials such as cotton and dyes have increased significantly due to supply disruptions and inflationary pressures. At the same time, wages have risen because of labour shortages and revised minimum wage regulations.

Despite the increase in production costs, the management is hesitant to increase product prices, fearing loss of market share to competitors. The demand for the company's products is moderately elastic, as consumers can easily switch to alternative brands. Recently, the government announced a contractionary monetary policy to control inflation, leading to higher interest rates and reduced availability of credit. The management is now considering the following options:

- Improving cost control and cost reduction measures
- Revising pricing strategy
- Forecasting future demand more accurately
- Adjusting production levels to suit market conditions

As a managerial economist, you are asked to analyse the situation and guide the management.

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**Questions:**

- a) Identify the types of costs faced by Sunrise Textiles Ltd. in the given case.
- b) Suggest suitable managerial strategies to deal with rising costs and inflationary conditions.

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