

**Note: 1. Answer any four questions from Q. No. 1 to Q. No. 7
2. Question No. 8 is compulsory**

1. a. State Three responsibilities of “Managerial Economist” (03 marks)
b. What is Price Elasticity of Demand? Explain different types of price Elasticity of Demand (07 Marks)
c. Elaborate Cost –output relationship in short run (10 Marks)
2. a. State three exceptions to “Law of Demand” (03 marks)
b. Which are the different sectors contributing to Indian Economy? (07 Marks)
c. Describe the Scope of Managerial Economics in relation to Business and Industry (10 Marks)
3. a. What is Oligopoly? (03 Marks)
b. What are the uses or applications of Break-even analysis and its limitations? (07 Marks)
c. What do you mean by Economies of scale? Describe the various types of internal and external Economies of scale? (10 Marks)
4. a. What is Production Function? (03 Marks)
b. Briefly explain the characteristics or features of Perfect competition (07 Marks)
c. Explain the Law of Variable Proportions with the help of diagrams, indicating the Increasing, diminishing and negative returns. (10 Marks)
5. a. What is GDP? (03 Marks)
b. Explain briefly different Methods of Demand Forecasting. (07 Marks)
c. How is Price-Output determined in the short-run in monopolistic market? Discuss (10 Marks)
6. a. What is Monetary Policy? (03 Marks)
b. Explain in detail Baumol sales maximization model. (07 Marks)
c. Critically evaluate 1991 Industrial Policy. (10 Marks)
7. a. What is Margin of Safety? (03 Marks)
b. Discuss the role of private sector in India and its problems (07 Marks)
c. ABC Manufacturing Ltd incurs fixed expenses amounting to Rs 12000 Its variable cost of product “x” is Rs 5 per unit Its selling price Rs 8/
I) Determine its break-even quantity and its Margin of safety for the sales of Rs 5000 units
II) Interpret the result (10 Marks)

8. Case Study

- ABC Company is an industrial manufacturing unit specializing in one particular product used in automobile industry, very few competitors are there in market. Prices are fairly stable. The company is thinking of reduction in price in order to enhance its market share.

1. What type of market is the company in? **(5 Marks)**

2. Will a reduction in price enhance the market share as expected by the company ? **(5 Marks)**

3. What strategy would you suggest to increase its market share without reducing the price?

(10 Marks)

VITU MODEL QUESTION PAPER - CBCS SCHEME

**Note: 1. Answer any four questions from Q. No. 1 to Q. No. 7
2. Question No. 8 is compulsory**

1. a. What is managerial economics? **(03 marks)**
 b. Explain the application of economics to business decision making **(07 Marks)**
 c. Explain Marris's Hypothesis of Growth Maximization. **(10 Marks)**

2. a. What are Giffin goods? **(03 marks)**
 b. Explain about demand forecasting **(07 Marks)**
 c. Explain income elasticity and cross elasticity of demand. **(10 Marks)**

3. a. Explain Break even analysis. **(03 Marks)**
 b. What are the different properties of ISO-Quant curve? **(07 Marks)**
 c. What do mean by economies of scale? Describe the various types of internal and external economics of scale? **(10 Marks)**

4. a. What are Cartels? **(03 Marks)**
 b. Explain different pricing strategies. **(07 Marks)**
 c. Explain price-output determination under monopolistic competition. **(10 Marks)**

5. a. What is PESTEL analysis mean? **(03 Marks)**
 b. Explain the three sector of Indian economy. **(07 Marks)**
 c. What is GDP? Explain the components of GDP. **(10 Marks)**

6. a. What is Monetary Policy? **(03 Marks)**
 b. List and explain the features of India's Industrial policy of 1991. **(07 Marks)**
 c. Explain Fiscal & monetary policy of India. **(10 Marks)**

7. a. Explain LAC curve? **(03 Marks)**
 b. Explain Kinked Demand curve. **(07 Marks)**
 c. From the following data, calculate (a) PV Ratio (b) BEP in units

Selling price per unit	₹ 50
Variable cost per unit	₹ 40
Fixed cost	₹ 5,000

(10 Marks)

8. Case Study

Based on the general features and facilities offered, the Ministry of Tourism Govt. of India classifies hotels into 7 categories: five star deluxe, five star, four star, three star, two star, one star and heritage hotels. These apart, there are hotels in the unorganized sector that have a significant presence across the country and cater primarily to economy tourists. Encouraged by the boom in tourism and increased spending on leisure, there has been an influx of globally renowned groups by way of joint ventures. The premium and luxury segment (high end 5-star deluxe and 5 star hotels) mainly cater to the business and up market foreign leisure travelers and offer a high quality and wide range of services. These constitute about 30 percent of the hospitality industry in India. The mid-market Segment (3 and 4 star hotels) offers most of the essential services of luxury hotels without the high costs, since the tax component of this segment are lower compared with the premium segment. The budget segment comprises 1 and 2 star hotels, which provide Affordable accommodation to the highly price-conscious segment of travelers. Heritage Hotels are architecturally distinctive properties such as palaces and forts, built prior to 1950, that have been converted into hotels.

In the face of stiff competition, hotels in India have come up with ingenious ways to attract customers. These hotels distinguish themselves with beds, bathroom, amenities and complementary breakfast. Other facilities may include innovations in food and beverage products, spa, fitness centre or other lifestyle facilities. The ongoing revolution in cuisine has been accompanied by innovations such as free standing, niche restaurants.

Questions:

- A.** Do you think the hotel industry is monopolistically competitive? What are the features of industry which suggest the same? **(10 Marks)**
- B.** Comment on differentiation offered by the hotels in India. **(10 Marks)**