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St. Claret College

Autonomous, Bengaluru

ROLL NO:
DATE:

PG END SEMESTER EXAMINATION-APRIL 2026

MBA FIRST SEMESTER

MBA1124: ECONOMICS FOR MANAGERS

TIME: 3 hours. **MAX. MARKS: 70**

This paper contains TWO printed pages and FOUR parts

Instructions:
1. Verify and ensure that the question paper is completely printed.
2. Any discrepancies or questions about the exam paper must be reported to the COE within 1 hour after the examination.
3. Students must check the course title and course code before answering the questions.

PART-A

Answer SEVEN questions out of NINE. Each answer carries TWO marks. **[2x7 = 14]**

1. Describe the ideas of Positive and Negative Externalities with suitable explanation.
2. Discuss the concept of the Production Possibility Frontier (PPF).
3. State and briefly explain the Law of Demand.
4. Briefly explain the meaning of Consumer Surplus.
5. Outline the concept of Price Skimming as a pricing strategy.
6. Mention any two elements of Aggregate Demand.
7. Explain the meaning of Macroeconomic Equilibrium.
8. Highlight any two important features of the New Industrial Policy1991
9. What is Fiscal Policy?

PART-B

Answer any FOUR questions out of SIX. Each answer carries FIVE marks. **[5x4=20]**

10. The quantity demanded of a product increase from 40 units to 60 units when the price decreases from ₹50 to ₹40.
    a) Calculate the price elasticity of demand using the percentage method.
    b) State whether the demand is elastic or inelastic.
11. A country is experiencing slow economic growth and high unemployment. What actions can the government take to improve the situation and promote Economic Growth?
12. A growing company initially benefits from lower production costs due to bulk purchasing and improved technology, but later faces inefficiencies due to communication and coordination issues. Based on the given situation, how can economies be achieved?
13. Discuss the significance of Small and Medium Enterprises (SMEs) in the Indian economy.
14. Evaluate the relationship between Managerial Economics and other management subjects.
15. Illustrate the concept of Isoquants and Iso-cost lines in Production theory.

PART-C

Answer any TWO questions out of FOUR. Each answer carries TEN marks. **[10X2=20]**

16. A manufacturing company notices declining sales due to reduced consumer spending, leading to lower production and fewer raw material orders. Analyze how interactions between households and firms affect the flow of money, goods, and services using a diagram.

17. From the following data projections find the trend sales for the next 5 years

Years	2008	2009	2010	2011	2012	2013	2014
Export sales (Units)	140	160	180	200	220	240	260

18. A consumer goods company plans to change the selling price of one of its products due to changing market demand. The management wants to understand how the quantity demanded may respond to this change. As a market analyst, assess the approaches that can be used to estimate the Consumer Demand.

19. The sales of a product for five years are given below. Using the 3-year moving average method, calculate the forecast for the next year.

Years	2020	2021	2022	2023	2024
Sales	120	140	160	180	200

PART-D

Answer the following. **[16X1=16]**

20. The recent tensions and military conflict between a region that produces a large share of the world's crude oil. Due to fears of supply shortages, global crude oil prices have increased significantly. As oil prices rise, the cost of petrol and diesel has also increased in many countries. This has directly affected industries that depend heavily on fuel, such as transportation, logistics, and aviation. Many businesses have increased their service charges or product prices to cover the higher transportation costs. Consumers, on the other hand, have started adjusting their behavior. Some people are reducing the use of private vehicles and switching to public transport, carpooling, or alternative energy options like electric vehicles. However, in the short run, the supply of crude oil cannot increase immediately because oil production and distribution require time and large investments. This situation highlights the impact of geopolitical conflicts on demand, supply, and price elasticity in global markets.

Questions

a) Explain how geopolitical conflicts like the Iran–Israel war can affect global oil demand and supply.

b) Analyse the impact of rising fuel prices on consumer behavior and transportation demand.