

**M.A. DEGREE EXAMINATION, APRIL 2019**  
**I Year II Semester**  
**Managerial Economics**

**Time : 3 Hours**

**Max.marks :75**

**Section A** ( $10 \times 2 = 20$ ) Marks

Answer any **TEN** questions

1. Managerial Economics
2. Production Function
3. Price Discrimination
4. Elasticity of Demand
5. Full-Cost Pricing
6. Law of Supply
7. Imperfect Competition
8. Economies of Scale
9. Complementary Goods
10. Market
11. Indifference Schedule
12. Fixed Cost

**Section B** ( $5 \times 5 = 25$ ) Marks

Answer any **FIVE** questions

13. Explain Price Determination Process.
14. Explain the Advantages of Large Scale Production.
15. Discuss the Importance of Indifference Curve with Diagram.
16. Describe the importance of Monopoly Power.
17. Explain Returns to Scale.
18. Discuss briefly various Elasticities of Demand.
19. Explain the Characteristics of Managerial Economics.

**Section C** ( $3 \times 10 = 30$ ) Marks**PART - A - Case Study - Compulsory Question**

20. The case is about Starbucks pricing strategy in China under which the company charged higher prices for its products than in Western Countries. Starbucks is considered a success story in China as it was able to convert the tradition tea drinkers of the nation to coffee lovers through its premium offerings. The premium pricing strategy of the company aimed at improving its brand positioning in the Chinese Market where the consumers perception was that high price products offered higher quality. However, the pricing strategy attracted criticism from the media that Starbucks Outlets in China that accused the coffee giant of Profiteering and of discriminating against its Chinese consumers. Starbucks defended its pricing strategy in China saying that its higher prices were attributable to its higher cost of doing business in that Market. Discuss whether Starbucks can sustain its pricing strategy in China?

**PART - B**

Answer any **TWO** questions

21. Explain Various Methods of Demand Forecasting.
22. Describe the Market Classification on the basis of Area.
23. Discuss various assumptions of Production Function.
24. Explain in detail the Law of Diminishing Marginal Utility with Diagram.

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**Section C** ( $3 \times 10 = 30$ ) Marks**PART - A - Case Study - Compulsory Question**

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