



ST. FRANCIS DE SALES COLLEGE

A FRANCISIAN INSTITUTE OF HIGHER EDUCATION AUTONOMOUS

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END SEMESTER EXAMINATION – APRIL 2025

MANAGEMENT – I SEMESTER MBA

24MBA11 – ECONOMICS FOR MANAGERS

Time: 3 Hours

Max. Marks: 70

Instruction: *Answer should be written completely in English*

SECTION - A

Answer any FIVE questions. Each question carries FIVE marks.

(5x5=25)

1. Explain Positive and Negative Externalities with examples.
2. What are the main tools of fiscal policy?
3. Explain the relationship between production and cost functions with examples.
4. What is peak-load pricing? How is it used in industries like electricity supply?
5. What is the circular flow of macroeconomic activity? Explain with a diagram.
6. What is the multiplier effect? Explain its significance in economic growth.
7. Define industrial policy and explain its significance.

SECTION - B

Answer any THREE questions. Each question carries TEN marks.

(3x10=30)

8. Define and explain break-even analysis with its assumptions, limitations, and practical applications.
9. Discuss the concept of demand elasticity and its types with examples.
10. Explain the influence of political and legal factors on business policies in India.
11. Analyze the role of the private sector in India's economic development.

SECTION - C

Compulsory question (Case study). The question carries FIFTEEN marks.

(1x15=15)

12. A new grocery store is entering a market where multiple competitors already exist. To sustain and grow, the store owner must choose an effective pricing strategy that balances customer attraction and profitability.

This scenario reflects a monopolistic competition market structure, where many sellers offer similar but

slightly differentiated products. Unlike perfect competition, each store can differentiate itself through pricing, quality, branding, or customer service.

Penetration pricing can help attract customers by setting initially low prices to increase footfall and build loyalty. Once a customer base is established, the store can gradually adjust prices while retaining regular shoppers through loyalty programs, discounts, or personalized services.

For long-term sustainability, a mix of competitive pricing, value-added services, and cost optimization is essential. The store should analyze demand patterns, competitor pricing, and customer preferences to maintain profitability. A hybrid strategy, combining loss leaders, seasonal discounts, and premium pricing for select products, can ensure both market penetration and steady profits.

Questions:

- a) Which market structure best describes this scenario? Justify your answer.
- b) How can the store use penetration pricing to attract customers?
- c) Suggest an optimal pricing strategy for long-term sustainability.

