

**TILAK MAHARASHTRA VIDYAPEETH, PUNE**  
**MASTER OF BUSINESS ADMINISTRATION (M.B.A.)**  
**EXAMINATION: DECEMBER - 2025**  
**SEMESTER - I**  
**Sub.: Managerial Economics (MBA102)**

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| <b>Date : 24/12/2025</b> | <b>Total Marks : 60</b> | <b>Time: 10.00 am To 12.30 pm</b> |
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**Instructions:** 1) All questions are compulsory.  
2) Figures to the right indicate full marks.

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**Q. 1. Write Short notes on (Any Three) (15)**

1. Law of Supply
2. Price Elasticity of Demand – Types
3. Indifference Curve – Properties
4. Features of Perfect Competition
5. Flexible Exchange Rate

**Q. 2. Answer in detail (Any One) (10)**

1. Define the production function. Explain with short run and long run theories and suitable diagrams.
2. Give detailed demand analysis with suitable diagrams

**Q. 3. Answer in detail (Any One) (10)**

1. Explain the theories of utility i.e. Cardinal & Ordinal Utility with suitable diagrams.
2. Define monopoly. Explain the short-run and long-run equilibrium under monopoly with diagrammatic representation.

**Q. 4. Answer in detail (Any One) (10)**

1. Explain Oligopoly market with kinked demand curve, Cournot duopoly and price leadership.
2. What do you mean by price effect? Explain price effect through income effect and substitution effect for normal, inferior, and Giffen goods.

**Q. 5. Case study (15)**

Two companies, Firm A and Firm B, dominate the air-conditioner market. Firm A reduces its price by 8%. Firm B immediately matches this price cut. One month later, Firm A increases its price back to the original level, but Firm B does **not** follow.

**Questions:**

1. Explain the above behaviour using the Kinked Demand Curve Model of oligopoly.
  2. Discuss how this situation illustrates the concepts of price rigidity and price war in oligopolistic markets.
  3. Suggest two non-price competition strategies that Firm A can adopt to maintain market share without triggering a price reaction from Firm B.
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