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**I Semester M.B.A. Degree Examination, June/July - 2023****MANAGEMENT****Economics for Business Decisions****(CBCS Scheme)****Paper : 1.4****Time : 3 Hours****Maximum Marks : 70****SECTION - A****Answer any Five questions, each question carries 5 marks. (5×5=25)**

1. Explain the law of returns to scale using isoquants.
2. Comment on Boumal's theory of Sales - Revenue maximization.
3. Managerial Economics is applied in Decision making process. Explain.
4. What is the shape of Demand Curve in perfect competition? Give reasons.
5. Discuss the different types of Inflation.
6. Analyze the relationship between Total, Marginal and Average Revenue.
7. Write a note on Ridge lines and the practical application.

**SECTION - B****Answer any Three questions, each question carries 10 marks. (3×10=30)**

8. How is measurement of National Income done in India? Explain the main difficulties in this regard.
9. An investigation into the demand of Air Conditioners in 6 towns is as follows:  

Population of town (in lakhs)	10	12	14	16	18	20
No. of Air Conditioners Demanded	100	130	150	165	200	240

  
Estimate the demand of Air Conditioners for a town with a population of 25 Lakhs.
10. What are the Indifference Curves? Explain the major properties of Indifference curves.
11. Multiplexes in India raises price of movie tickets during peak hours. Comment on the pricing strategy used by movie theaters. Also explain different types of Pricing Strategies.

**[P.T.O.]**



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## SECTION - C

Compulsory question.

(1×15=15)

## 12. Case Study :

Based on the general features and facilities, offered, the Ministry of tourism, government of India, classifies hotels into seven categories. Five star deluxe, five star, four star, three star, two star, one star, and heritage hotels. These apart, there are hotels in the unorganised sectors 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 five star deluxe and five star hotels) mainly cater to and up market foreign leisure, travellers and offer a high-quality and wide range of services. These constitute about 30% of the hospitality industry in India. The mid market segment (three and four 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 to the premium segment. The budget segment comprises of one and two star hotels, which provides inexpensive accommodation for highly price, conscious segment of travellers. Heritage hotels are architecturally distinctive properties, such as palaces, forts, built prior to 1950s that have been converted to hotels.

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

**Questions:**

- i. What kind of competition is existing in the present case. Explain the features of such competitive market structure.
  - ii. Explain how prices and output decisions are made in such competitions.
  - iii. Will advertising change the structure of competition in hotel industry?
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