

<b>Semester:</b>		
<b>Maximum Marks: 50 marks</b>	<b>Examination: ESE Examination</b>	<b>Date: 20-10-2024</b>
<b>Duration: 3 hrs</b>		
<b>Programme code:18</b> <b>Programme: MBA for WE- Batch 3</b>	<b>Class: MBA</b> <b>WE, Batch -1</b>	<b>Semester: 1</b>
<b>College: K. J. Somaiya Institute of Management</b>	<b>Name of the department/Section/Center:</b> <b>Eco</b>	
<b>Course Code: 117P18C105</b>	<b>Name of the Course: Managerial</b> <b>Economics</b>	
<b>Instructions: Solve all the questions</b>		

<b>Question No.</b>	<b>Read the case and answer the questions given below</b>	<b>Max. Marks</b>
1	<p>Health Insurance sector in India is growing very fast. Some of the reasons for its growth are rising healthcare costs, unpredictability in health expenditure, rising lifestyle related diseases increasing the health expenses, and aging population. Yet, only 37 % of the households are covered either by public or private health insurance. Some of the well-known health insurance companies are Tata AIG General Insurance, Aditya Birla Health Insurance Ltd., Star Health &amp; Allied Insurance Ltd, Niva Bupa Health Insurance Co Ltd., Care Health Insurance Ltd, ICICI Lombard General Insurance, etc. Each firm has a unique offering to its consumers in terms of products and services. They keenly follow other companies' business strategies and use these to formulate their own strategies.</p> <ol style="list-style-type: none"> <li>What can be the determinants of demand for Health insurance?</li> <li>What is the type of market structure these companies are operating into?</li> <li>What type of price and non-price competition you can observe in this sector?</li> <li>What can be the entry barriers for newcomers?</li> </ol>	10
2	"The Monopoly firm always has negative outcomes for the economy". Do you agree with the statement? Explain.	10
3	<p><b>Answer any two of the following:</b></p> <ol style="list-style-type: none"> <li>"Firm operating in perfectly competitive market should leave the market if it starts earning losses since it is very small" True or False – Explain.</li> <li>Why do you think firms operating in oligopoly market are dependent on each other? Explain your answer with the help of an example.</li> <li>What is the difference between Price taking firm and Price making firm? Explain with the help of an example.</li> </ol>	10
4	<p><b>Write short notes on any two:</b></p> <ol style="list-style-type: none"> <li>Economies of scale</li> <li>Sunk costs</li> <li>Income elasticity of demand</li> </ol>	10

5	<p><b>Solve any two numerical:</b></p> <p>a. If the demand curve for product X is given as <math>Q_x = 1000 - 1.5P_x - 0.6P_y</math> Where <math>P_x = \text{Rs. } 100</math>, <math>P_y = \text{Rs. } 80</math></p> <ol style="list-style-type: none"><li>How many units will be sold when <math>P_x = 100</math>? What will be total revenue?</li><li>How many units will be sold if price rises Rs. 150? What will be the total revenue?</li><li>What will be the point elasticity at the price 100 and at the price 150?</li><li>Is product “Y” a Substitute or a Complementary product? Why?</li></ol> <p>b. The XYZ company sells ballpens at Rs. 9 each. Variable unit cost is Rs. 6. The fixed cost is Rs. 15,000.</p> <ol style="list-style-type: none"><li>What is the breakeven quantity and breakeven revenue?</li><li>How many units the company must sell if it wants to achieve a profit of Rs. 15,000?</li><li>What should the company do if its AVC rises to Rs. 11 and price remains Rs. 9?</li></ol> <p>c. Complete the following table:</p> <table><tr><th>Quantity</th><th>TC</th><th>TFC</th><th>TVC</th><th>AFC</th><th>AVC</th><th>AC</th><th>MC</th></tr><tr><td>0</td><td>200</td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>1</td><td>260</td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>2</td><td></td><td></td><td></td><td></td><td></td><td></td><td>50</td></tr><tr><td>3</td><td></td><td></td><td></td><td></td><td>50</td><td></td><td></td></tr><tr><td>4</td><td></td><td></td><td></td><td></td><td></td><td>95</td><td></td></tr><tr><td>5</td><td></td><td></td><td>230</td><td></td><td></td><td></td><td></td></tr><tr><td>6</td><td></td><td></td><td></td><td></td><td></td><td></td><td>60</td></tr><tr><td>7</td><td></td><td></td><td></td><td></td><td>51.43</td><td></td><td></td></tr><tr><td>8</td><td>640</td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>9</td><td></td><td>530</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>10</td><td></td><td></td><td></td><td></td><td></td><td></td><td>100</td></tr></table>	Quantity	TC	TFC	TVC	AFC	AVC	AC	MC	0	200							1	260							2							50	3					50			4						95		5			230					6							60	7					51.43			8	640							9		530						10							100	10
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