MBHC-1.2

Sl. No.

I Semester M.B.A. Degree Examination, December - 2023
MANAGEMENT
Managerial Economics
(CBCS Scheme)

Time : 3 Hours **Maximum Marks : 80**

SECTION - A

Answer any **FIVE** questions. Each question carries **5** marks. **(5×5=25)**

1. What are the determinants of demand for consumer product? Brielfy Explain.

2. Why long run average cost curve is known as envelope curve? Elaborate.

3. Briefly explain the causes of inflation.

4. What is oligopoly market? What are its features?

5. Elucidate law of returns to scale.

6. Give a note on significance of managerial economics in decision making.

7. Briefly explain features of indifference curve.

SECTION - B

Answer any **FOUR** questions. Each question carries **10** marks. **(4×10=40)**

8. What is cost function? Explain short run cost theory.

9. What do you mean by perfect competition market? Explain how perfect competition market conditions affects decision making?

10. Elucidate exceptions to law of demand.

11. Give a note on:

a) Cost Volume Profit Analysis.

b) Break Even Analysis.

12. Write the meaning of Business forecasting. How does business forecasting work?

13. Explain in detail objectives of fiscal policy and monetary policy.

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SECTION - C

14. CASE (Compulsory) **(1×15=15)**

The case study enables an insight into how Procter and Gamble (P and G) succeeded in turning the tide of product commoditisation with -design thinking', The case analyses how the maturity of innovation during 1970s brought forceful changes in business models and how P and G's application of design in the organisational DNA led to double its sales growth from $40 billion in 2000 to $83.5 billion by 2008. The timely replacement of Durk Jager (Jager) with A.G. Lafley (Lafley) turned the tables for P and G with renewed 'customer-centric innovation' and application of 'design thinking' in its corporate DNA, which served the purpose of bringing the company back into the game.

Early 20th century marvelled the consumers with new products that rolled out every year and eased the lives from the usage of complex utility products. Electric bulbs eliminated the need of candles, automobiles replaced horse carriages and it went on and on P and G is one such consumer-focused company, which amazed the consumers with its wide range of successful products like Ivory (Soap), Pamper (Diaper), Crest (Dentifrice), Pringles (Chips), etc. By the mid-1970s, product innovation reached a maturity stage, leaving Consumer Product Goods (CPG) companies in a dilemma of new product development and profit generation. Not immune to this trend, P and G's innovation too suffered from brand extensions and line fillings with saturation of ideas in product development.

The dilemma of product commoditisation and new product development forced CPG companies to shift from closed business model to open business model by outsourcing ideas across borders. Most of the premium priced brands struggled to survive amid an ocean of 'me-too' type of products. The company passed through difficult times during the reign of the then CEO Jager in 1999, with shrinking market share, missing financial goals, lossing grip on successful brands and organisational misalignment.

Questions:

1) Analyse the traditional business innovation model of P and G and discuss its merits and demerits.

2) Examine all the challenges before Lafley when he took over the reins of P and G in 2000.

3) Elucidate how design thinking' has been embedded into P and G's new product development process.
