

Dr. Babasaheb Ambedkar Open University
Term End Examination July – 2026

Course	: BBA	Date	: 11-07-2026
Subject Code	: BBAEC406	Time	: 03:00pm to 05.15pm
Subject Name	: Managerial Economics	Duration	: 02.15 Hours
		Max. Marks	: 70

	Answer the questions below.	Marks
Q-1	Describe various tools used in managerial economics for business decisions.	14
	OR Explain the different types of cost concepts.	
Q-2	Discuss the strategic applications of Cost-Output relationship in business decision-making. Explain its role in pricing, production planning, technology adoption, and capacity planning.	14
	OR Discuss in detail the Key Assumptions of Break-Even Analysis. Why is it important for managers to understand these assumptions while applying Break-Even Analysis in decision making?	
Q-3	Discuss the key factors influencing pricing decisions in managerial economics.	14
	OR Define game theory. Discuss its meaning, key concepts, and its relevance in business decision-making.	
Q-4	What is herd behavior, and how can it impact organizational decision-making?	14
	OR What is meant by the Social Responsibility of Business (SRB), and how is it related to Corporate Social Responsibility (CSR)?	
Q-5 (A)	Short Note (Any three)	09
1	Cost Analysis for Managers	
2	Market Competition	
3	Key Roles of Business Strategy	
4	Nature of Profit	
5	Green Premiums	

- 1 The principle that decisions should be based on additional cost and additional benefit is:
(A) Break-even point (B) Marginal analysis
(C) Opportunity cost (D) Normative economics
- 2 Production becomes irrational when:
(A) MP is rising (B) MP is positive
(C) MP becomes negative (D) AP is rising
- 3 Which of the following is a direct cost?
(A) Factory rent (B) Raw material
(C) Factory supervisor salary (D) Electricity for the office
- 4 Which of the following is a factor of production?
(A) Money (B) Labor
(C) Advertising (D) Technology alone
- 5 Systematic risk is also known as:
(A) Diversifiable risk (B) Unsystematic risk
(C) Market risk (D) Firm-specific risk
