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Total Number of Pages : 02

MBA
18MBA101

1st Semester Regular/Back Examination 2019-20

MANAGERIAL ECONOMICS

BRANCH : MBA, MBA (A & M), MBA (M & F)

Max Marks : 100

Time : 3 Hours

Q.CODE : HRB584

Answer Question No.1 (Part-1) which is compulsory, any EIGHT from Part-II and any TWO from Part-III.

The figures in the right hand margin indicate marks.

Part-I

Q1 Only Short Answer Type Questions (Answer All-10) (2 x 10)

- a) What are the economic principles relevant to managerial decisions?
- b) Why do supply curves generally slope upwards?
- c) On what factors does elasticity of demand depend?
- d) On what bases we can categorize demand forecasting?
- e) What does the law of diminishing returns explain?
- f) Why marginal cost eventually increases as output increases?
- g) What does positive implicit cost imply?
- h) Why does a monopolistically competitive firm earn super normal profit in the short run?
- i) When can EDLP be successful?
- j) Is there any relation between Inflation and Business cycle?

Part-II

Q2 Only Focused-Short Answer Type Questions- (Answer Any Eight out of Twelve) (6 x 8)

- a) We often use Managerial and Business economics synonymously. Is it correct? Argue with logic.
- b) Explain why demand analysis is essential for successful production planning and capital expansion?
- c) Explain the importance of the concept of cross elasticity in formulating proper pricing strategy.
- d) Why does a firm facing a negatively sloped demand curve never produce in the inelastic portion of the demand curve?
- e) Distinguish between short run and long run production function.
- f) What does the shape of an Iso-quant show? Explain its importance in Managerial economics?
- g) Does Petroleum as an energy source have good substitutes? How is this reflected in the shape of the iso-quant for petroleum versus other energy sources?
- h) Under what condition should a firm continue to produce in the short run if it incurs losses at the best level of output?
- i) As a consumer, would you favor advertising in a monopolistically competitive industry? Justify your answer.
- j) What are the objectives of pricing policy? Discuss the major factors involved in pricing policy.
- k) No method of national income accounting is perfect. Critically evaluate the different methods of national income accounting in the context of this statement.
- l) Why is it better to keep a check on Business cycles? Is it feasible, keeping in view their obvious and inevitable occurrence?

Part-III

Only Long Answer Type Questions (Answer Any Two out of Four)

Q3 210 Why is Managerial economics being considered a central part of each functional area of management? Does it help the business students integrate the knowledge gained in other courses? Discuss **(16)** 210

Q4 "If a price is not an equilibrium price, there is a tendency for it to move to its equilibrium level. Regardless of whether the price is too high or too low to begin with, the adjustment process will increase the quantity of the good purchased". Explain using a demand and supply diagram. **(16)**

Q5 210 Many firms under monopolistic competitive market set their advertising budgets at a fixed percentage of their anticipated sales. Does this mean that these firms behave in a non-maximizing manner? Why? Explain. **(16)** 210

Q6 Which monetary and fiscal measures do you think are more effective in controlling inflation? Give logic in support of your answer. **(16)**