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Question Paper Code: CMB003



# INSTITUTE OF AERONAUTICAL ENGINEERING

(Autonomous)

MBA I Semester End Examinations (Supplementary) - June, 2018

Regulation: IARE-R16

Managerial Economics

Time: 3 Hours

(MBA)

Max Marks: 70

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Answer ONE Question from each Unit

All Questions Carry Equal Marks

All parts of the question must be answered in one place only

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## UNIT – I

- (a) Explain the role and responsibilities of a managerial economist in business . [7M]

(b) How do operations research and marketing get very close to managerial Economics? Explain. [7M]
- (a) Explain the significance of economies of risk and uncertainty in decision making of business. [7M]

(b) Define managerial economics. What are the subjects that are related to managerial economics. [7M]

## UNIT – II

- (a) Define demand. Explain the types of demand and its nature. [7M]

(b) Define the concept supply and the law of supply. [7M]
- (a) What is meant by demand forecasting? Why it is necessary for the managers of business firm? [7M]

(b) Define elasticity of demand. Explain the significance of elasticity of demand. [7M]

## UNIT – III

- (a) What is economies of scale? Explain internal and external economies of scale. [7M]

(b) How does the law of variable proportions operate? Explain with the help of assumed data and also represent it in a diagram. [7M]
- (a) Explain the term ISO Quant's and ISO costs and what are types of ISO Quant's? [7M]

(b) Define production function and explain the Marginal Rate of Technical Substitution(MRTS). [7M]

#### UNIT – IV

7. (a) Define cost. Explain different cost concepts that are used by manager for decision making. [7M]  
(b) Explain the concepts: AFC, AVC, ATC and MC. [7M]
8. (a) Give the reasons for the U shape of long run AC curve. [7M]  
(b) Define break even point. What are the factors influencing cost? [7M]

#### UNIT – V

9. (a) Do you think monopoly is still present in current business environment? Explain how price output is determined in monopoly in the long run and short run. [7M]  
(b) Explain the difference between perfect competition and monopoly. [7M]
10. (a) Explain oligopoly competition. Explain price and output determination in oligopoly market. [7M]  
(b) Explain the difference between Monopoly and Monopolistic competition. [7M]