

Hall Ticket No

Question Paper Code: CMBB03



# INSTITUTE OF AERONAUTICAL ENGINEERING

(Autonomous)

Dundigal, Hyderabad - 500 043

## MODEL QUESTION PAPER

MBA I Semester End Examinations, May – 2019

Regulation: IARE-R18

**MANAGERIAL ECONOMICS**

(MASTER OF BUSINESS ADMINISTRATION)

**Time: 3 Hours**

**Max Marks: 70**

Answer any ONE question from each Unit

All questions carry equal marks

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

### UNIT – I

- 1 a) Define managerial economics. Explain the nature and scope. How managerial economics bridges the gap? [7M]
- b) Explain the concepts of “time perspective and discounting principle”. What is the significance of time perspective and discounting principle in decision making of business? [7M]
- 2 a) State the importance of Marginalism and Equi-marginalism in Economics. Differentiate between marginalism and equi-marginalism and explain the concept of finance and personnel. [7M]
- b) Discuss the use of the internet in managerial economics in detail. Explain managerial Economics utility to technocrats. [7M]

### UNIT - II

- 3 a) Define forecasting. Explain the various techniques involved in demand forecasting [7M]
- b) Define price elasticity of demand. Explain the various types of price elasticity of demand. [7M]
- 4 a) Define law of supply. Explain the statement of law of supply. What are the determinants of elasticity of supply? [7M]
- b) Define the concept of demand analysis. Explain the different types of elasticity of demand. [7M]

### UNIT – III

- 5 a) Define law of variable proportions. Explain its economic implications. [7M]
- b) Explain law of returns to scale. Enumerate the causes for the operation of law of returns to scale. [7M]
- 6 a) Explain the relationship of MRTS, Iso-Quants and ISO cost to production function with two variables. [7M]
- b) Explain the internal and external economies of scale. How do they influence the size of the firm? [7M]

### UNIT – IV

- 7 a) Explain cost output relationship in long run and short run in detail with a neat diagram. [7M]
- b) What is the role of cost in managerial decisions? Explain any four cost concepts relevant for managerial decisions and corporate planning? [7M]

- 8 a) Explain the term breakeven point. How is it used and determined? Explain the method of drawing breakeven chart? [7M]
- b) “While marginal cost is essentially incremental cost, incremental cost is not so”. How? Even though marginal cost is constant the average cost curve slopes down why? Illustrate your answer. [7M]

**UNIT – V**

- 9 a) Define perfect competition. Explain the price and output determination under perfect competition market. [7M]
- b) Explain the price and output determination under Kink demand curve. [7M]
- 10 a) Define Monopoly. Explain the difference between perfect and monopoly competition. Discuss the features of Monopoly. [7M]
- b) Describe the various objectives of pricing. Explain the difference between cost-plus pricing and incremental pricing. [7M]



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## I. COURSE OBJECTIVES

The course should enable the students to:

I.	Understand the basic economic principles, forecast demand and supply.
II.	Analyze the price elasticity of demand for company products; Investors can engage the sustainability of the company.
III.	Estimate cost and understand market structure and pricing practices.
IV.	Apply quantitative techniques to business decisions using economic concepts such as supply and demand, price elasticity and marginal analysis.

## II. COURSE OUTCOMES

Students who complete the course will have demonstrated the ability to do the following.

CMBB03.01	Apply economic principles and methodologies to key management decisions within the organizations and foster the goals of the organization.
CMBB03.02	Identify the nature and scope of managerial economics in the modern business.
CMBB03.03	Understand the fundamentals of managerial economics such as demand, production, price and supply which helps them in doing business effectively.
CMBB03.04	Know about the marketing research approaches to demand estimation in demand forecasting and its function in an organization.
CMBB03.05	Evaluate benefit/cost, life cycle and breakeven analyses on one or more economic alternatives.
CMBB03.06	Analyze various forms of production function like Isoquant and Isocost and finding out optimal combinations of inputs including the Cobb-Douglas function
CMBB03.07	Discuss the economies of scale, diseconomies of scale, economies of scope, and cost complementarities, and how each affects the cost of production
CMBB03.08	Examine the cost function and differences between short-run and long-run cost function.
CMBB03.09	Demonstrate the cost efficient method of producing components which are better sourced from other companies.
CMBB03.10	Recognize the industry structure at firm level to develop production strategies with profit maximization. Elucidate the basic market models of perfect competition, imperfect competition, and how price and output are determined in each model
CCMB003.11	Elucidate the basic market models of perfect competition, imperfect competition, and how price and output are determined in each model

### III MAPPING OF SEMESTER END EXAMINATION TO COURSE LEARNING OUTCOMES:

SEE Question No.		Course Learning Outcomes (CLOs)		Course Outcomes (COs)	Blooms Taxonomy Level
1	a	CMBB03.02	Identify the nature and scope of managerial economics in the modern business.	CO1	Understand
	b	CMBB03.01	Apply economic principles and methodologies to key management decisions within the organizations and foster the goals of the organization.	CO1	Understand
2	a	CMBB03.01	Apply economic principles and methodologies to key management decisions within the organizations and foster the goals of the organization.	CO1	Understand
	b	CMBB03.02	Identify the nature and scope of managerial economics in the modern business.	CO1	Understand
3	a	CMBB03.04	Know about the marketing research approaches to demand estimation in demand forecasting and its function in an organization.	CO2	Remember
	b	CMBB03.04	Know about the marketing research approaches to demand estimation in demand forecasting and its function in an organization.	CO2	Remember
4	a	CMBB03.03	Understand the fundamentals of managerial economics such as demand, production, price and supply which helps them in doing business effectively.	CO2	Understand
	b	CMBB03.03	Understand the fundamentals of managerial economics such as demand, production, price and supply which helps them in doing business effectively.	CO2	Understand
5	a	CMBB03.05	Evaluate benefit/cost, life cycle and breakeven analyses on one or more economic alternatives.	CO3	Understand
	b	CMBB03.06	Discuss the economies of scale, diseconomies of scale, economies of scope, and cost complementarities, and how each affects the cost of Production.	CO3	Understand
6	a	CMBB03.06	Analyze various forms of production function like Isoquant and Isocost and finding out optimal combinations of inputs including the Cobb-Douglas function	CO3	Understand
	b	CMBB03.07	Discuss the economies of scale, diseconomies of scale, economies of scope, and cost complementarities, and how each affects the cost of production	CO3	Understand
7	a	CMBB03.08	Examine the cost function and differences between short-run and long-run cost function.	CO4	Understand
	b	CMBB03.07	Discuss the economies of scale, diseconomies of scale, economies of scope, and cost complementarities, and how each affects the cost of production.	CO4	Remember
8	a	CMBB03.05	Evaluate benefit/cost, life cycle and breakeven analyses on one or more economic alternatives.	CO4	Remember
	b	CMBB03.09	Demonstrate the cost efficient method of producing	CO4	Understand
9	a	CMBB03.10	Recognize the industry structure at firm level to develop production strategies with profit maximization. Elucidate the basic market models of perfect competition, imperfect competition, and how price and output are determined in each model	CO4	Understand
	b	CMBB03.09	Demonstrate the cost efficient method of producing components which are better sourced from other companies.	CO4	Understand
10	a	CMBB03.09	Demonstrate the cost efficient method of producing components which are better sourced from other companies.	CO1	Understand
	b	CMBB03.11	Recognize the industry structure at firm level to develop production strategies with profit maximization. Elucidate the basic market models of perfect competition, imperfect competition, and how price and output are determined in each model	CO4	Understand