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Question Paper Code: CMBB03



INSTITUTE OF AERONAUTICAL ENGINEERING

(Autonomous)

MBA I Semester End Examinations (Supplementary) - May, 2019

Regulation: IARE-R18

MANAGERIAL ECONOMICS

Time: 3 Hours

(MBA)

Max Marks: 70

Answer ONE Question from each Unit

All Questions Carry Equal Marks

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

UNIT – I

- (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]
- (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

- (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]
- (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

- (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]
- (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 break even 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]