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Question Paper Code: CMB003

Jawaharlal Nehru Technological University Hyderabad

MBA I Semester End Examinations (Regular) - January, 2018

Regulation: .–R16

Managerial Economics

(MASTER OF BUSINESS ADMINISTRATION)

Time: 3 Hours **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

1. (a) Explain the concept of opportunity cost and its linkage with PPC (Production Possibility Curve). [7M]
   (b) "Managerial economics is the integration of economic theory with business practices for the purpose of facilitating decision making and forward planning by management". Explain. [7M]
2. (a) Is managerial economics a positive science or normative science? Discuss. [7M]
   (b) What is marginal principal and how does it differ from concept of incremental analysis? [7M]

UNIT – II

3. (a) What is demand forecasting? Discuss the Delphi technique. [7M]
   (b) What is cross elasticity of demand? Discuss cross elasticity in case of compliment and substitute goods with help of suitable graphs. [7M]
4. (a) State and explain law of supply with the help of graph. Mention at least four exceptions to law of supply. [7M]
   (b) From the data shown in Table 1, project the demand for the year 2016 using the regression technique. [7M]

Table 1

Year	2010	2011	2012	2013	2014
Sales (Lacs)	10	12	15	14	18

UNIT – III

5. (a) What is meant by production? Define production function and describe the underlying assumption. [7M]
   (b) Define and explain isoquant. What are the properties of isoquants? [7M]
6. (a) What is principal of least cost combination? How to find out point of least cost combination using concept of isocost, isoquant? Also show concept of expansion path with help of suitable graph. [7M]
   (b) State and explain law of return to scale? [7M]

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UNIT – IV

7. (a) How do you represent average cost curve in long run. Explain reasons behind diseconomies in scale in long run. [7M]
   (b) Explain the concept of average fixed cost, average variable cost, average total cost and marginal cost. Show their interrelationship through cost schedule and diagrammatic presentation. [7M]

8. (a) What is the significance of break-even analysis? Mark profit making zone, loss making zone, total contribution and margin of safety in graph representing break even point. [7M]
   (b) The Quiet Blow company has a small plant that manufactures noise suppressors for blowers. Its annual fixed costs are Rs.30,000 and its variable costs are Rs.10 per unit. It can sell a suppressor for Rs.25. [7M]
      i. How many suppressors must the company sell to break even?
      ii. What is the break-even revenue?

UNIT – V

9. (a) What is perfect competition? How does it differ from monopoly market? [7M]
   (b) Define dominant price leadership and discuss its advantage. [7M]

10. (a) Illustrate how does a monopoly firm make super-normal profits in the short run? [7M]
    (b) What is public cartel? Discuss price and output determination by market sharing cartel. [7M]

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