Code No: MB1312/R13

MBA I Semester Supplementary Examinations, Jan/Feb-2018

MANAGERIAL ECONOMICS

Time: 3 Hours **Max. Marks: 60**

Answer Any **FIVE** *Questions*
All Questions Carry Equal Marks
Question No. 8 is Compulsory

1.		Define Economics and explain the Nature and Scope of Managerial Economics?	12M
2.		Answer the following: i. Opportunity Cost ii. Decision making iii. Cross elasticity of Demand, and iv Marginal rate of technical substitution.	12M
3.		Describe how important is the role of Managerial Economist in a firm.	12M
4.		Define Elasticity of Demand. How is it measured?	12M
5.	a	What is a Cobb-Douglas Production Function?	6M
	b	Explain the law of production with one-variable input.	6M
6.		Describe the different relations between cost and output in short run.	12M
7.	a	Write the features of Oligopoly markets.	6M
	b	Explain how price and output are determined in Monopolistic competitive markets.	6M
8.		**Case Study:**	12M

Navarang - A movie theatre in a town has two types of customers: (i) college students and (ii) Senior Citizens. The college students will watch the Sunday morning movie, if the ticket price is Rs.50 or less and the senior citizens will watch if the price is Rs. 25 or less. Also assume that there is no other cost in showing the movie, so the profit is same as the revenue from the sale of tickets.

On Sunday Morning, there are 40 college students and 20 senior citizens in the theatre. The theatre has three price strategies. (i) Uniform rate of Rs.25 for all (ii) Uniform rate of Rs.50 for all and (iii) Rs.50 for college students and Rs.25 for senior citizens.

1. Calculate the profits of the theatre under above three strategies each.
2. Advise and give your comments on the above strategies and profits. Which price strategy or option would you advise, as an economist?

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