**MBA (TRAVEL AND TOURISM)**

**Semester I**

**MBA 515 MANAGERIAL ECONOMICS**

**Part A. Short Answer Questions (5 Marks)**

1. Define Managerial Economics.
2. State two important characteristics of Managerial Economics.
3. Distinguish between Micro and Macro Economics.
4. What is the scope of Managerial Economics?
5. What is opportunity cost?
6. Explain the basic economic problems.
7. What is incremental cost?
8. What is marginal analysis?
9. What is the principle of equi-marginal utility?
10. Explain time perspective in Managerial Economics.
11. Explain discounting principle.
12. What is demand?
13. Define demand function.
14. What is market demand?
15. State the law of demand.
16. Mention two assumptions of the law of demand.
17. What are Giffen goods?
18. What is a demand schedule?
19. What is a demand curve?
20. Define individual demand and market demand.
21. What is demand forecasting?
22. Name two methods of demand forecasting.
23. What is the importance of demand forecasting?
24. What is elasticity of demand?
25. What is price elasticity?
26. Define cross elasticity.
27. What is income elasticity?
28. Define advertising elasticity.
29. What is perfectly inelastic demand?
30. What is perfectly elastic demand?
31. What is unitary elastic demand?
32. Explain the total outlay method.
33. Explain the point method of elasticity measurement.
34. What is production function?
35. Define isoquant.
36. What is iso-cost line?
37. What is the law of variable proportion?
38. What is the law of returns to scale?
39. Distinguish between returns to scale and returns to a factor.
40. Define economies of scale.
41. What are internal economies?
42. What are external economies?
43. What is cost function?
44. Define fixed cost.
45. Define variable cost.
46. Define total cost.
47. What is marginal cost?
48. What is average cost?
49. What is short run cost?
50. What is long run cost?
51. Define explicit cost.
52. Define implicit cost.
53. What is opportunity cost?
54. What is sunk cost?
55. What is incremental cost?
56. What is differential cost?
57. What is break-even point?
58. What is contribution margin?
59. What is profit-volume ratio?
60. What is cost-benefit analysis?
61. What is market structure?
62. Define perfect competition.
63. Define imperfect competition.
64. What is monopoly?
65. What is monopolistic competition?
66. Define oligopoly.
67. Give examples of oligopoly.
68. What is price rigidity?
69. What is kinked demand curve?
70. What is collusive oligopoly?
71. What is price leadership?
72. What is price discrimination?
73. Define price determination.
74. What is market equilibrium?
75. What is marginal revenue?
76. What is average revenue?
77. Define AR and MR relationship under monopoly.
78. What is price-output equilibrium?
79. What is product differentiation?
80. Define selling cost.
81. What is excess capacity?
82. What is dumping?
83. What is profit maximization?
84. What is sales maximization?
85. What is transfer pricing?
86. What is linear programming?
87. What is risk analysis?
88. What is game theory?
89. What is price elasticity of supply?
90. What is backward bending supply curve?
91. What is the role of a managerial economist?
92. What is demand-supply equilibrium?
93. What is equilibrium price?
94. What is inflation?
95. What is deflation?
96. What is stagflation?
97. What is business cycle?
98. What is national income?
99. Define per capita income.
100. What is human development index?
101. Given the demand function Q = 500 – 5P, find the quantity demanded when price is ₹50.  
     102. If the price of a product increases from ₹20 to ₹25 and the quantity demanded decreases from 100 units to 80 units, calculate the price elasticity of demand.  
     103. The demand for a commodity is given by Q = 200 – 2P. Find the price at which demand will be zero.  
     104. A consumer spends ₹500 on a commodity when its price is ₹25 per unit. Calculate the quantity demanded.  
     105. If total cost (TC) is given by TC = 500 + 20Q, find Average Cost and Marginal Cost when output is 10 units.  
     106. Compute the marginal utility if total utility for consuming 3 units is 30 utils and for 4 units is 35 utils.  
     107. A firm produces 100 units at a total cost of ₹5,000. If fixed cost is ₹2,000, find variable cost per unit.  
     108. Calculate the break-even point in units if fixed cost is ₹10,000, selling price per unit is ₹50, and variable cost per unit is ₹30.  
     109. The national income of a country is ₹10,000 crore. If indirect taxes are ₹500 crore and subsidies are ₹100 crore, compute Net National Product at Factor Cost.  
     110. Calculate the marginal propensity to consume if income increases by ₹2,000 and consumption increases by ₹1,500.

**Part B. Essay / Problem / Application Questions (10 Marks)**

1. Explain the nature and scope of Managerial Economics.
2. Discuss the significance of Managerial Economics in business decisions.
3. Explain basic economic principles with examples.
4. Explain the law of demand with exceptions.
5. Explain different methods of demand forecasting.
6. Explain different types of elasticity of demand with numerical examples.
7. Explain the measurement of elasticity of demand.
8. Discuss the law of variable proportion with diagram.
9. Explain the law of returns to scale with diagram.
10. Explain internal and external economies of scale.
11. Explain short run and long run cost curves with diagrams.
12. Explain break-even analysis and its managerial uses.
13. Discuss different types of cost concepts used in decision making.
14. Explain the theory of perfect competition.
15. Explain price and output determination under monopoly.
16. Explain monopolistic competition with diagram.
17. Explain price leadership models in oligopoly.
18. Discuss the kinked demand curve model.
19. Explain price discrimination with practical examples.
20. Discuss profit maximization under different market structures.
21. Explain profit policies and profit planning.
22. Explain game theory and its business applications.
23. Explain cost-benefit analysis with examples.
24. Explain the use of linear programming in decision making.
25. Discuss risk and uncertainty in managerial decision making.
26. Discuss business cycles and their phases.
27. Explain measures to control inflation.
28. Explain national income and methods of measurement.
29. Explain the role of managerial economist in the firm.
30. Explain price determination in the market equilibrium.
31. Explain the role of government in price control.
32. Discuss dumping and its implications.
33. Explain sales maximization model.
34. Explain pricing methods used by firms.
35. Explain mark-up pricing.
36. Explain cost-plus pricing.
37. Discuss penetration pricing.
38. Discuss skimming pricing strategy.
39. Explain peak load pricing.
40. Discuss product line pricing.
41. Explain transfer pricing methods.
42. Explain price forecasting techniques.
43. Explain industry analysis for decision making.
44. Explain elasticity of supply and its managerial uses.
45. Explain capital budgeting in Managerial Economics.
46. Explain supply chain decisions from economic point of view.
47. Explain pricing in e-commerce markets.
48. Explain economic forecasting for new product launch.
49. Explain role of Managerial Economics in strategic planning.
50. Explain how Managerial Economics helps in policy making.
51. A company faces the demand function Q = 1,000 – 2P.

Find the quantity demanded when price is ₹200.

Find the price that will make quantity demanded zero.

Calculate total revenue when price is ₹200.

1. A consumer’s demand schedule is given. When price is ₹10, quantity demanded is 50 units; when price rises to ₹12, quantity demanded falls to 45 units. Calculate point price elasticity of demand.
2. A firm’s total cost function is TC = 1,000 + 50Q + 10Q².

Find Average Cost (AC) and Marginal Cost (MC) when Q = 5 units.

Explain the cost behavior.

1. The equilibrium price for a product is determined where demand equals supply. If demand is Qd = 120 – 2P and supply is Qs = –20 + 4P, find the equilibrium price and quantity.
2. A company has fixed cost of ₹50,000, selling price per unit ₹200, and variable cost per unit ₹120.

Compute break-even point in units and sales value.

What will be the profit if 1,000 units are sold?

1. Using Cobb-Douglas Production Function Q = AL^0.5 K^0.5, where A=1, L=100, K=100, find the output level.
2. A firm produces with two inputs, Labour (L) and Capital (K). If the isoquant for 100 units of output is L = 50, K = 50, what will be the total cost if wage rate is ₹200 per unit of Labour and ₹300 per unit of Capital?
3. Using simple moving average method, forecast demand for next period from the following data:

Period: 1, 2, 3, 4, 5

Demand: 100, 120, 110, 130, 120  
(Use 3-period moving average).

1. A country’s GDP at Market Price is ₹5,00,000 crore. If depreciation is ₹20,000 crore, net factor income from abroad is ₹5,000 crore, indirect taxes are ₹10,000 crore and subsidies are ₹2,000 crore, compute Net National Product at Factor Cost.
2. A simple payoff matrix for a game is given below:

|  | **Strategy A** | **Strategy B** |
| --- | --- | --- |
| Player X | 4 | 2 |
| Player Y | 1 | 3 |

Which strategy should Player X choose to maximize payoff?

1. A firm’s demand curve is given by P = 20 – 0.5Q. Find Total Revenue and Marginal Revenue when Q = 10 units.