



SIDDHARTH GROUP OF INSTITUTIONS:: PUTTUR
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QUESTION BANK DESCRIPTIVE

Subject with Code: MANAGERIAL ECONOMICS (19MB9005)
Year & Sem: I Year & I-Sem

Course & Branch: MBA
Regulation: R19

UNIT - 1

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| 1. | What is Managerial Economics? Explain about its Nature. | 10M |
| 2. | Define Managerial Economics? Explain about its Scope. Why is it considered as Micro Economics? | 10M |
| 3. | Explain the role of Managerial Economist. | 10M |
| 4. | Explain about Objectives of the firm. | 10M |
| 5. | Explain about Managerial theories of firm. | 10M |
| 6. | Examine about Behavioral theories of firm. | 10M |
| 7. | Explain about optimization techniques. | 10M |
| 8. | Explain about optimization with calculus. | 10M |
| 9. | a) What is Bench marking? Explain with an example. | 05M |
| | b) What is symmetric Information? | 05M |
| 10. | a) Define Game Theory. | 05M |
| | b) Significance of Game Theory. | 05M |

UNIT 2

1. What is Demand and explain factors affecting Demand? 10M
2. What is Elasticity of Demand and explain factors affecting Elasticity of Demand? 10M
3. Explain about Price Elasticity of demand with the help of the graph and example. 10M
4. Explain about income Elasticity of demand with the help of the graph and example. 10M
5. Explain about cross Elasticity of demand with the help of the graph and example. 10M
6. Why demand curve is slant from right to left but not left to right? Explain 10M
7. What is supply analysis? Explain its functions? 10M
8. a) What is Demand forecasting and also explain its methods. 05M
b) What are Demand laws? 05M
9. What is the difference between demand functions & supply functions? 10M
10. What is the difference between demand Analysis & supply Analysis? 10M

UNIT 3

1. What is Production Analysis? Explain the concept underlying Production Analysis. 10M
2. Describe Iso-quants and Iso-costs with examples. 10M
3. Explain production functions and its importance in economics. 10M
4. How Cobb-Douglas content works in real world? 10M
5. Marginal Rate of Technical Substitution' what do you think about this statement? 10M
6. What is Economies of scale? Explain with an example. 10M
7. What is Cost Output relationship in the Short run and Long run? 10M
8. a) What is Cost concept? Explain its need in Economics. 05M
b) How cost is divided. Explain types with examples. 05M
9. Give a note on Determinants of cost. 10M
10. What is Break Even Analysis? Explain with the help of the graph. 10M

UNIT - 4

1. What is called as Market Structure and explain about pricing practices? 10M
2. List out the types of different competitive situations under market structure and explain them with examples. 10M
3. What is Price-Output determination in Perfect competition? 10M
4. a) What is Monopoly? Explain with an example. 05M
b) What is Monopolistic Competition? Explain with an example. 05M
5. Explain about pricing methods in practice? 10M
6. Explain about pricing strategies with a case study. 10M
7. What is called “Pricing of multiple products” system? 10M
8. a) What is Loss Leader pricing? Explain with an example. 05M
b) Write short notes on skimming and penetration pricing strategies. 05M
9. What is Monopolistic competition and explain short run and long run equilibrium? 10M
10. Discuss price Determination under Oligopoly system in market. 10M

UNIT 5

1. What is called Macro Economics? Explain its importance in managerial economics. 10M
2. Explain about characteristics and types of inflation of national income. 10M
3. What are the effects of inflation? How countries are facing it? 10M
4. What is a Business Cycle? Explain it with an example. 10M
5. Explain about New Economic Policy. Explain its importance. 10M
6. What are the effects of Anti- inflation? How does it affect product market? 10M
7. 'Phases of business cycle-steps to avoid business cycles'. Substantiate this statement. 10M
8. What is the difference between inflation & Anti - inflation? 10M
9. What is called Product line pricing? Explain with a diagram. 10M
10. Explain about various methods in measuring National income. 10M

CASE STUDY- I

Despite stiff increase in tariff by Doordarshan (DD) in March 1987 actual revenue declined.

This study indicated that the number of small and medium advertisers which was on the increase before the tariff hike has now been on decline. Further there has also been a noticeable shift in favor of 20 and 10 seconds spots from 30 or more second's spots before the hike in tariff. The study found that there has been a steep decline in the actual number of advertisements on Doordarshan. This is across all TV centers and program segments. But it was more significant in the case of channel II of Delhi and Bombay.

The second channel of Bombay DD TV had no advertisements since the increase in tariff as against revenue of Rs.15, 000/- to Rs.20, 000/- per month in the corresponding months of the previous year.

In case of Delhi DD TV's second channel, the number of advertisements declined from a rate of 40 to 65 per month in May to July 1986 to a rate of 12 to none between May to July 1987. Even the actual revenue has fallen. It was about Rs.55, 000/- to 71,000/- per month in May-June period of 1986. In the current year, however, it developed to Rs.28, 000/- in June and was nil by July 1987.

Questions:

- (a) What happened to revenue after tariff hike for advertisement in DD?
- (b) Why has revenue declined?
- (c) Is the prize-elasticity of demand for DD TV advertisements high/low/zero?
- (d) What tariff (or prize) policy should DD follow for TV advertisements?

CASE STUDY- II

Government intervention

The price of raw sugar recently reached its highest level since 1981 due to problems with supply. Historically, raw sugar has traded at between 10 and 12 US cents per pound at the New York Board of Trade. But the price increased to over 18 cents last month.

Growing demand in Brazil for sugar to be turned into ethanol for fuel, coupled with a sharp fall in Indian production have both been factors in the price increase.

Sugar production in India for 2008-09 fell 45% year-on-year due to less rain in the monsoon season damaging a number of agricultural crops.

The London-based International Sugar Organization predicts that global consumption of sugar is likely to outstrip production by 9m tones next year, forcing food companies and governments to dig into stockpiles. In the US, snack producers including Mars, Nestlé and Krispy Kreme Doughnuts put pressure on the US government to relax import controls, warning that otherwise they might run out of sugar.

Commentators predict that most shoppers will be unaffected because sugar is such a small part of a consumer's typical spending in a week that no one will notice an increase in price.

Questions

1. Explain, using supply and demand analysis, why the price of sugar has been increasing recently.
2. Do you think a) the supply and b) the demand for sugar is price elastic or inelastic? Justify your choices and explain whether this means any given change in supply or demand will have a bigger effect on the equilibrium price of quantity.
3. In what ways is the market for sugar used in confectionery related to the market for ethanol?

4. How might companies such as Mars and Nestlé react to an increase in the price of sugar?

CASE STUDY- III

The demand for gas

The freezing cold spell at the beginning of 2010 not only increased demand for road salt, (see the additional case study for chapter 6) but it increased demand for gas in the UK. Usage reached 454 cubic meters; the previous record was 449m set in January 2003. The National Grid which is responsible for energy in the UK issued several warnings in a matter of days that demand could outstrip supply and asked supplier so increase the supply. The National Grid also told major gas users, such as power plants, to reduce demand.

Big generators, such as E .On, have both gas-fired and coal-fired power stations and are able to choose between the two. In total, 27 large gas users were asked to switch - 12 in the East Midlands and 15 in the North West.

Questions

1. Illustrate the effect of the cold spell on the demand for gas using a demand curve diagram.
2. Illustrate the effect of the National Grid instructing major gas users to reduce their demand.
3. Analyses two other factors that you think influence demand for gas.
4. Do you think demand for gas is price elastic or price inelastic? Explain your reasoning.

CASE STUDY- IV**Facebook**

Firms in India are losing productivity because of Facebook. Office staffs are spending too long on the social networking site. According to The Associated Chambers of Commerce and Industry (Assocham) employees use Orkut, Facebook, Myspace, and LinkedIn for "romancing" and other purposes. On average, employees spend an hour a day on sites like Facebook. This reduces productivity by 12.5%. Nearly half of office employees accessed Facebook during work time. Some 83% saw nothing wrong in surfing at work during office hours. In September 2009 Portsmouth City Council in England banned staff from accessing Facebook on its computers when it was discovered that they spent, on average, 400 hours on the site every month.

Question

1. What is meant by productivity?
2. Analyze the impact on a fall in productivity on costs.
3. Analyze the possible consequences for businesses in India of banning access to Facebook and other social networking sites.
4. Do you think access should be denied?