

**Code No: MB1612 /R16**

**MBA I Semester Supplementary Examinations, July-2021**

**MANAGERIAL ECONOMICS**

**Time: 3 Hours**

**Max. Marks: 60**

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

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| 1. a | Define the nature and scope of Managerial Economics?                       | 8M |
| b    | State the importance of Managerial Economics to a firm?                    | 4M |
| 2. a | State the Law of Demand, with the help of a Demand Curve?                  | 8M |
| b    | What are the exceptions to Law of Demand?                                  | 4M |
| 3. a | Explain the different techniques of Demand Forecasting?                    | 4M |
| b    | Factors to be considered while selecting a good forecasting method?        | 8M |
| 4. a | What is production function? Explain it with one variable factor?          | 8M |
| b    | What is an Iso-cost curve?   | 4M |
| 5. a | Explain the cost-output relationship in long run with graphs??             | 4M |
| b    | What are implicit and explicit costs??                                     | 8M |
| 6. a | Importance of cost estimates? Criteria for good cost estimate?             | 8M |
| b    | Explain Average Total Cost curve?  | 4M |
| 7. a | Define the price- output determination in Perfect competition?             | 4M |
| b    | How is a Monopolistic market structure different from Perfect Competition? | 8M |

8. **Case Study:** 12M

Amani Ltd. deals with manufacture of water bottles. One of its divisions manufactures 1litre bottles, and the cost structure is as follows:

Total units produced	10000
Total Direct Materials	Rs. 90,000
Total Direct Labor	Rs. 50,000
Total Variable O/H	Rs. 40,000
Total allocated Fixed O/H	Rs. 45,000

Another XmiLtd. offered to make similar bottles for Rs.15 each.

Should Amani Ltd accept the offer? How much additional income will be realized by taking the offer? Show your calculations and offer suggestion.

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