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Code: 19MBA1002

SET-2

**ADITYA INSTITUTE OF TECHNOLOGY AND MANAGEMENT, TEKKALI
(AUTONOMOUS)**

**I MBA I Semester Regular & Supplementary Examinations, May, 2022
MANAGERIAL ECONOMICS**

Time: 3 Hrs

Max. Marks: 60

**Answer any Five questions
All questions carry EQUAL marks
Question No. 8 is Compulsory**

1. a) Define Managerial Economics? Illustrate the framework of Managerial Economics in Decision Making. [6M]
b) Critically examine the concept of Discounting Principle and risk & Uncertainty in Business. [6M]
2. a) Elaborate the various types of Elasticity of Demand. [8M]
b) Explain the Criteria for Good Demand forecasting. [4M]
3. a) Write about meaning and significance of Supply Analysis for successful planning. [6M]
b) Explain Law of supply and Supply Curve in detail. [6M]
4. a) Define cost? Interpret various Types of cost with suitable examples. [8M]
b) Analyse various determinants influencing total cost in a Business. [4M]
5. a) Elaborate significance and Types of Production Function. [8M]
b) Explain Cobb- Douglas Production Function in detail. [4M]
6. a) Define Market? Classify types of Markets with suitable examples. [8M]
b) Evaluate various Managerial Theories of the firm. [4M]
7. a) Outline the various aspects of Profit planning for an existing Business. [6M]
b) Write a short note on Profit Policies. [6M]
8. **CASE STUDY:** [12M]
In April 2001, Matt Heyman, co-founder of Cinemex, the largest chain of movie theaters in Mexico City, looked out the window of his office and pondered the future of his company. In just seven years, Heyman and his partners had nurtured Cinemex from a student idea into the largest theater chain in Mexico City, but they faced new challenges every day. Many of these challenges came from competitors. For years competitors ran old, poorly-maintained theaters, but in recent months they had begun to imitate Cinemex's top-of-the-line exhibition venues. Their latest tactic: offering two tickets for the price of one on Wednesdays. Heyman wondered whether Cinemex should offer a similar deal, or instead rely on the Cinemex brand and hold the line on price. Heyman faced a difficult decision. Should he offer his own two-for-one deal on Wednesdays? This might raise attendance, but since many tickets would be given away for free, it might also reduce ticket revenues. Or should he do nothing, hoping that the appeal of Cinemex's customer service package would eventually bring customers back?

How large was the impact of competitors' 2-for-1 pricing on Cinemex's ticket sales?