

**Subject Code:13MBA1002****ADITYA INSTITUTE OF TECHNOLOGY AND MANAGEMENT, TEKKALI  
(AUTONOMOUS)****1 MBA I Semester Regular Examinations February-2014.****Managerial Economics.****Time: 3 hours****Max Marks: 60****Answer any five questions.****All questions carry equal marks.****Question No.8 is compulsory.**

1. Explain the role and responsibilities of a Managerial Economist in an Organization.
2. What is meant by demand elasticity? What are its managerial uses?
3. Explain the economic reasons for the shape of Total Cost, Average Cost and Marginal Cost curves both in short run and long run.
4. What is meant by Production Function? Explain the basic features of Cobb-Douglas Production Function.
5. What is meant by Market Structure? Explain the features of Monopolistic Competitive Market.
6. Define the various concepts of Profits and explain the Innovations Theory of Profit.
7. What is meant by Economies of Scale? How is it different from Returns to Scale? Explain some of the Internal Economies of Scale.

**8. Case Study:**

The data on sugar demand and price in India for two years were as follows:

Year	Price (2001-02 =100)	Demand (million tonnes)
2010-11	220	150
2011-12	235	162

The comment of a prominent politician on this data is as follows:

‘This clearly shows that the Law of demand is not operating in Indian Sugar Market. The price went up yet consumers bought more. We cannot rely on outdated economic concepts from the previous century for an analysis of current problems’.

Do you agree with this observation? How do you interpret the above given data?

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