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SET 01

Subject Code: 13MBA1002

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

**I MBA I Semester Regular / Supplementary Examinations, December, 2015
Managerial Economics**

Time: 3 hours

Max Marks: 60

**Answer any five questions
All questions carry equal marks.
Question No. 8 is compulsory.**

1. Define Managerial Economics. Explain the nature and scope of Managerial Economics?
2. Explain the relationship of managerial economics with other branches of social sciences.
3. Evaluate survey based demand forecasting methods with appropriate examples and explain expert opinion, Test marketing, judgmental approach of demand forecasting.
4. Define cost function and also discuss cost-output relation in the short-run.
5. Briefly explain various economies & diseconomies of scale.
6. What are the objectives of pricing? Explain any four important methods of pricing?
7. Discuss the different theories of profit.
8. Case study

Despite stiff increase in tariff by Doordarshan 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. There has also been a significant shift in favor of 20 and 10 seconds spots from 30 or more seconds before hike in tariff. The study found that there has been a steep decline in the actual number of advertisements on Doordarshan. This is evident across all TV centers and Programme segments .But it was even more significant in the case of channel II of Delhi and Bombay.

The second channel of Bombay 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 the case of Delhi 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 Rs. 71,000 per month in May –July period of 1986. In the current year, however, it dropped to Rs.28, 000 in June and was nil by July 1987.

Questions

1. What happened to revenue after tariff hike for advertisements in Doordarshan?
2. Why has revenue declined?
3. Is the price-elasticity of demand for TV Ads high/low/zero?
4. What tariff policy should Doordarshan follow for TV Ads?