

**ADITYA INSTITUTE OF TECHNOLOGY AND MANAGEMENT, TEKKALI
(AUTONOMOUS)
I MBA I Semester Regular & Supplementary Examinations, August-2021**

MANAGERIAL ECONOMICS

Time: 3 Hrs

Max. Marks: 60

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

1. a) Illustrate the importance of Managerial Economics in Decision Making. [6M]
b) Critically examine the relationship of ME with other disciplines. [6M]
2. a) Summarize various Determinants influencing Demand for a product. [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) Interpret graphically the relationship between AFC, AVC and AC in short run. [8M]
b) Analyse various determinants influencing total cost in a Business. [4M]
5. a) Elaborate Production Function with two variables. [6M]
b) Explain ISO QUANT & ISO COST Curves in detail. [6M]
6. a) Classify various types of Markets based on Competition with 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]
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 Organisation predicts that global consumption of sugar is likely to outstrip production by 9m tonnes 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.

1. Do you think the demand for sugar is price elastic or inelastic?