

Roll No.....

Total No. of Printed Pages: 2

Total No. of Questions: [10]

MBA (Aviation Management) (Semester – 1st)

MANAGERIAL ECONOMICS & POLICY

Subject Code: MBADS1-125

Paper ID: [23261105]

Time: 03 Hours

Maximum Marks: 60

Instruction for candidates:

1. Section A consists of 10 compulsory short notes of two marks each.
2. Section B consists of Four Units (Unit – I, II, III & IV). Each unit contains two questions of 8 marks each. Student has to attempt one question from each unit.
3. Section C (8 Marks): A short Case Study related to the syllabus.

Section – A

(2 marks each)

Q1. Attempt the following:

- a. Consumer Equilibrium
- b. Opportunity cost
- c. Scarcity
- d. Marginal Revenue
- e. Bandwagon Effect
- f. Cross Elasticity
- g. Nash Equilibrium
- h. GDP
- i. Foreign Trade Multiplier
- j. Monopolistic

Section – B

(8 marks each)

UNIT-I

Q2. What is the role of managerial economics in decision making?

Q3. What are Indifference Curves? Explain the properties of Indifference curve.

UNIT-II

Q4. What do you mean by law of demand? What are the determinants of demand? Why does demand curve slop downward?

Q5. What do you mean by production function? Explain the Law of Variable Proportion.

UNIT-III

Q6. “The Long Run Average Cost (LAC) curve is more likely to be **L-Shaped** than **U-Shaped**.” Discuss the statement.

Q7. Define Monopoly Market. Discuss the price - output policy of a Monopoly Firm. Is Monopoly prices always higher than competitive market?

UNIT-IV

Q8. What is Monetary Policy? What should be its objectives in a developing country like India? In what way Monetary Policy can help in the solution of unemployment problem?

Q9. Define National Income. Also deliberate the methods to measure National Income of a country.

Section – C

(8 marks)

Q10. Case Study:

A carton manufacturing firm owned five printing presses to print labels on boxes. These presses differed in size and in the capacity to print multicolored labels. Some of the presses were better suited to printing large volumes than others. In the past management had been uncertain about the allocation of orders to the presses. In many cases it was clear that a certain large order of a certain multicolored label would go on a particular press. But there was uncertainty about the desirability of printing some small, simple orders on the large, complex presses when these presses were idle, especially when there was a backlog of small orders. An accounting firm was called in to advise the printing firm on this issue. Its advice was to compute an hourly rate on each press which would include an allocation of overhead. The hourly rate on the large, complex presses would be the higher labor costs (more pressmen per press), the higher depreciation charges on the press, and the higher allocation of plant wise overhead. These hourly rates would prevent the use of expensive presses on low-value jobs.

Questions:

- a. Evaluate the use of costs in the decisions with which the firm is faced.
- b. Which cost concepts are more pertinent in this case situation?