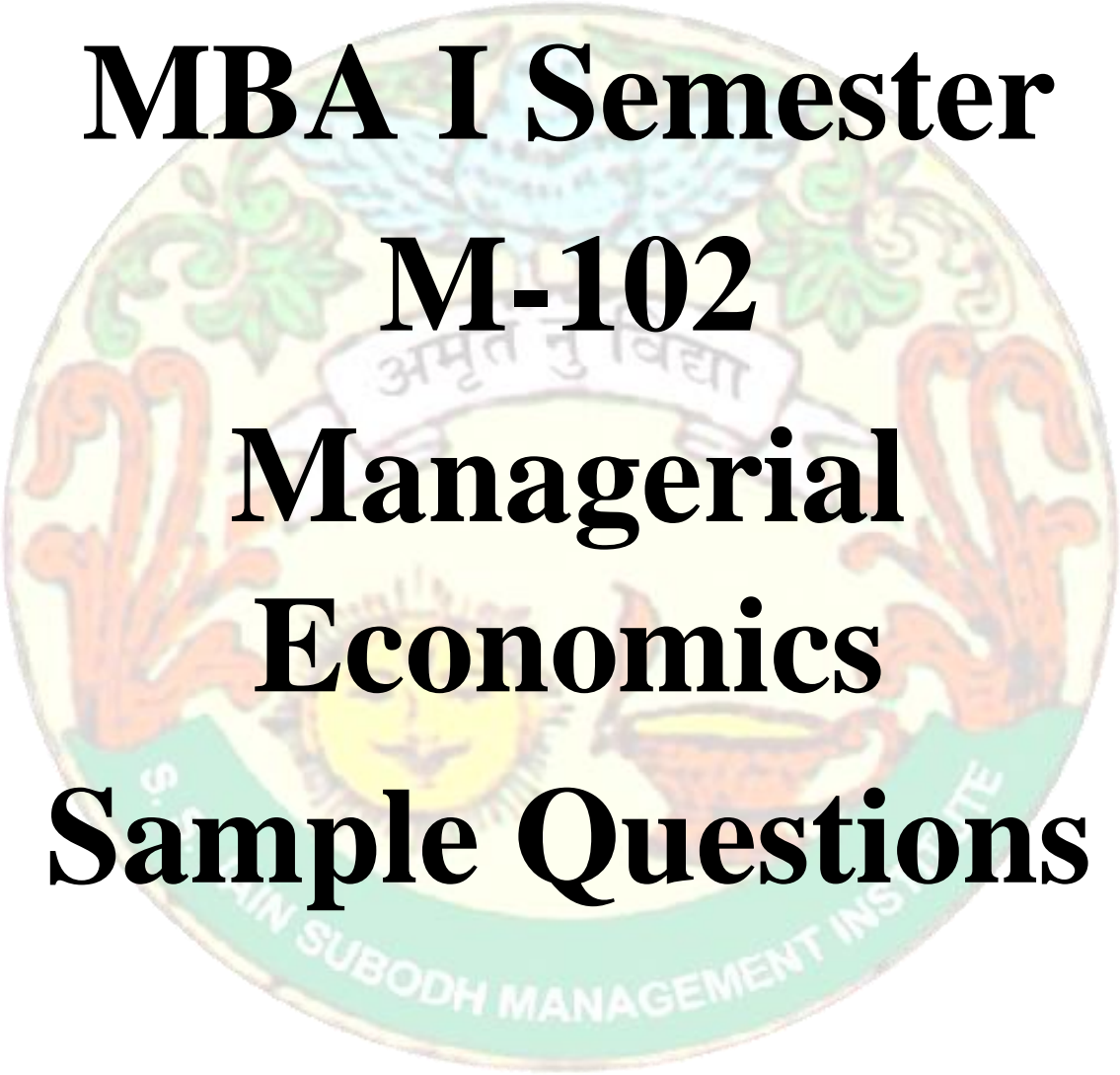


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MBA I Semester
M-102
Managerial
Economics
Sample Questions

Part A: Short answer question (up to 25 words)

Part B: Analytical/ problem Solving questions

**Part C: Descriptive/ Analytical/ Problem Solving/
Case questions.**

Part A

Unit 1

- Q1 What do you understand by 'Economics'?
- Q2 Write any five characteristics of Managerial Economics.
- Q3 Define Managerial Economics.
- Q4 Give details about the scope of Managerial Economics.
- Q5 Write significance of Managerial Economics.
- Q6 Discuss the importance of studying managerial economics for a manager.

Unit 2

- Q7 What is 'Industry'?
- Q8 What is meant by 'Opportunity cost'?
- Q9 Why there is need for Discounting Principle?
- Q10 Name the important principles under theory of firm?
- Q11 Explain the concept of Time Perspective in economics.

Unit 3

- Q12 Define the term 'Demand' in economics.
- Q13 What is 'Law of demand'?
- Q14 What is Market demand?
- Q15 What is demand schedule?
- Q16 What do you mean by extension of demand?
- Q17 What do you mean by contraction of demand?
- Q18 What are Normal Goods?
- Q19 What are Inferior Goods?
- Q20 What are complementary Goods?
- Q21 Discuss features of demand.
- Q22 Write two cases where of demand curve slopes upward.
- Q23 Write any five factors that influence demand for good / service.
- Q24 Define the term 'elasticity of demand'.
- Q25 What is perfectly inelastic demand?
- Q26 What is perfectly elastic demand?
- Q27 Discuss the significance of the price elasticity of demand.

Unit 4

- Q28 What is meant by 'cost'?
- Q29 Why full cost pricing is most suitable pricing strategy?
- Q30 What are the factors that affect cost at micro level?
- Q31 What are economies of scale?
- Q32 What are diseconomies of scale?
- Q33 What is meant by differential pricing?
- Q34 What is meant by variable cost?
- Q35 What is fixed cost?
- Q36 Differentiate between explicit and implicit costs.
- Q37 What are direct and indirect costs?
- Q38 Differentiate between short run and long run costs.
- Q39 What is meant by marginal cost?
- Q40 What is price?
- Q41 What is pricing policy?
- Q42 What is cost plus pricing?
- Q43 What is target pricing?
- Q44 What is marginal cost pricing?
- Q45 What you mean by skimming price?
- Q46 What is penetration price strategy?
- Q47 What is psychological pricing or charm pricing?

Unit 5

- Q48 What is producer surplus?
- Q49 Define production function.
- Q50 What is Law of variable proportions?
- Q51 List the various stages of law of variable proportions.
- Q52 Define law of diminishing returns.
- Q53 What are Isoquant curves?
- Q54 Write four properties of Isoquant curves.

Unit 6

- Q55 Define the term 'market'.
- Q56 What is perfect competition?

- Q57 What is meant by monopoly market structure?
- Q58 Discuss four important features of perfect competition.
- Q59 Discuss four important features of imperfect competition.
- Q60 What is monopolistic competition?
- Q61 Define Oligopoly.
- Q62 Discuss any four features of monopoly.
- Q63 What do you mean by the term Price discrimination?
- Q64 Discuss two differences between monopoly and perfect competition.
- Q65 Give details about methods used as non-price competition.
- Q66 What do you mean by duopoly market?
- Q67 Write four features of monopolistic competition.
- Q68 What is Price leadership under oligopoly market?
- Q69 What do you understand by monopsony?
- Q70 The Tatkal facility for reservation offered by Indian Railways is which degree of price discrimination?

Unit 7

- Q71 What do you mean by stagflation?
- Q72 What is 'Balance of Payment'?
- Q73 What are methods of measuring national income?
- Q74 What is meant by gross domestic saving?
- Q75 What is balance of trade?
- Q76 Explain the term Gross domestic product.
- Q77 What is meant by Net National Product?
- Q78 Define Gross National product.
- Q79 What is trough in business cycle?
- Q80 What do you mean by the term recession?
- Q81 What do you mean by the term expansion?
- Q82 What do you mean by the term contraction?
- Q83 What could be the effect on national income if a country has a trade deficit?

Unit 8

Q84 What is short term profit?

Q85 What is long term profit?

Q86 What do you mean by profit?

Q87 What is Margin of Safety?

Q88 What do you understand by breakeven analysis?

Q89 What are limitations of breakeven analysis?



Part B

Unit 1

- Q1 Differentiate between Economics and Managerial Economics.
Q2 Describe the nature and significance of Managerial Economics.
Q3 Discuss the relationship of Managerial Economics with Statistics.
Q4 What is managerial economics? How does it differ from economics?

Unit 2

- Q5 'The managerial economist has to make rational choices in all aspects of business, since resources are scarce and wants are unlimited.' In this context, explain the underlying fundamental concept of opportunity cost.
Q6 What do you understand by 'Opportunity Cost'? How is it significant for any firm in decision making?
Q7 Explain the concept of 'Theory of Firm'.
Q8 'Managerial Economics uses fundamental concepts for better decision making'. Explain any three fundamental concepts of your choice that are significant for a managerial economist.
Q9 How is incremental concept different from marginal concept?
Q10 Explain the equi-marginal concept and its significance.
Q11 "All choices made by individuals have a cost associated with them known as opportunity cost". Explain.

Unit 3

- Q12 What is demand? What are its characteristics?
Q13 Why does the demand curve slope downwards?
Q14 Differentiate between the following on the basis of elasticity of demand:
A. Superior Goods and inferior goods
B. Complements and substitutes
Q15 Analyze the change in demand as compared with shift in demand.
Q16 'As we move down a linear demand curve, the price elasticity goes on decreasing'. Comment.
Q17 Define demand and mention the nature of demand.

- Q18 Define law of demand and explain factors that determine demand of a particular product / service.
- Q19 Discuss the factors that determine demand of ice-cream in Indian market.
- Q20 How demand of consumer durable goods can be forecasted?
- Q21 Define elasticity of demand. Discuss kinds of cross elasticity of demand.
- Q22 Discuss about Income elasticity of demand with the help of examples.
- Q23 What are advantages / applications of elasticity of demand?
- Q24 Explain Cross elasticity of demand with the help of an example.
- Q25 Discuss the quantitative methods of demand forecasting for cars.
- Q26 Explain the concept of elasticity of supply and its degrees.
- Q27 Describe income elasticity of demand with suitable example.
- Q28 For each of the following equations, determine whether demand is elastic, inelastic or unitary elastic at the given price:
- A. $Q = 100 - 4P$ and $P = ₹20$
- B. $Q = 1,500 - 20P$ and $P = ₹5$
- C. $P = 50 - 0.1Q$ and $P = ₹20$
- Q29 What do you mean by elasticity of demand? The demand for apples in a small town was 200 kg when the price was ₹20 per kg. It expanded to 250 kg when the price was reduced to ₹18 per kg. What is the elasticity of demand for apples in the town?

Unit 4

- Q30 Discuss the short run cost analysis with graph.
- Q31 Explain the types of economies of scale.
- Q32 Discuss the long run cost analysis with LAC curve.
- Q33 What do you mean by diseconomies of scale? Explain the various types of diseconomies of scale.
- Q34 Elucidate the different types of pricing approaches.
- Q35 Define pricing policy? What are the factors to be considered while making pricing decision?

Unit 5

- Q36 Define consumer and producer surplus with the help of graph. Explain indifference curve and its salient features.
- Q37 Define production function. What is the relationship between the firm's short run production function and its fixed and variable costs?
- Q38 What is an isoquant? Can an isoquant be concave to the right?

Q39 Explain the concept of MRTS. Why the MRTS diminishes as we move down an isoquant for most production functions?

Q40 What are the effects of the stages of law of variable proportions on output and costs?

Q41 Differentiate between MRS and MRTS.

Unit 6

Q42 Define market and discuss about its type.

Q43 Critically comment on the factors that determine monopoly market structure.

Q44 What is perfect competition? Discuss features of perfectly competitive market.

Q45 Define monopoly market and discuss its features.

Q46 Define monopolistic market and discuss its features.

Q47 What are key differences between perfect competition and monopolistic competition?

Q48 Define duopoly market and discuss its features.

Q49 What is price discrimination? Discuss who can exercise price discrimination and in which market structure it can be exercised?

Q50 Write down the means that can be adopted by the firms for non-price competition.

Q51 Write short notes on any two of the followings: (a) Perfect competition (b) Price discrimination (c) Monopoly

Q52 Why would a perfectly competitive firm only earn normal profit in the long run? Explain with suitable example and diagram.

Q53 'No monopolist would ever fix the output of its product at a level where the elasticity of the AR curve is less than one.' Discuss.

Q54 What are the features that distinguish monopolistic competition from perfect competition?

Q55 As a consumer, would you favor advertising in a monopolistically competitive industry? Would your answer be any different, if you were manager of a firm in monopolistic industry?

Q56 What if cartels were not illegal?

Q57 What is the role of non-price strategies like advertising in oligopoly? Why are they important?

- Q58 Why is it difficult to determine a unique demand curve under oligopoly?
- Q59 To what extent does the kinked demand curve help in explaining price rigidity under oligopoly?

Unit 7

- Q60 'Business cycle is a purely monetary phenomenon.' Explain.
- Q61 What is Balance of payment? Explain the two parts of the balance of payments accounts.
- Q62 Distinguish between balance of trade and of balance of payments.
- Q63 What do you mean by national income? Discuss the methods of measuring national income.
- Q64 What are Gross Domestic Product and Net National Product?
- Q65 What is gross domestic saving? Why gross domestic saving is important in developing economies like India?
- Q66 What is capital account under balance of payment? State the components of capital account of balance of payments.
- Q67 List the items of the current account of balance of payment account. Also define balance of trade.
- Q68 Discuss the phases of business / trade cycle.
- Q69 Discuss the impact of trade cycle on society.
- Q70 Discuss the functions that can be performed by managerial economist under different phases of business / trade cycle.
- Q71 Discuss the features of Recession, trough, expansion and recovery phase of business cycle?
- Q72 What is trade cycle? Write the impact of trade cycle on the business strategy.
- Q73 'There are many difficulties in measuring national income. Yet no country can afford not to measure national income'. Discuss

Unit 8

Q74 Explain the determinants of profits. Also discuss the uses of break even analysis in managerial decision making.

Q75 The following information is given.

Selling price ₹ 150 per unit; variable cost ₹ 90 per unit; fixed cost ₹ 600000 (total). What is the breakeven point? What is the selling price per unit if breakeven point is 12000 units?

Q76 How breakeven point is determined? Explain.

Q77 Discuss the uses of break even analysis in managerial decisions.

Q78 Explain the determinants of short term and long term profits.



Part C

Unit 1

Q1 'Managerial economics is a stream of management studies that emphasizes primarily on solving business problems and decision-making by applying the theories and principles of microeconomics and macroeconomics.' Elucidate.

Q2 "Managerial economics is the integration of economic theory with business practice for the purpose of facilitating decision-making and forward planning by management." Discuss.

Q3 Define managerial economics. Write a detailed note on the nature and scope of managerial economics.

Unit 2

Q4 Describe the concept of Theory of Firm: Firm and Industry.

Q5 Discuss the important fundamental concepts of managerial economics useful for decision making.

Unit 3

Q6 What is supply? What are the factors which influence the supply? Analyze the supply function and the supply curve.

Q7 Discuss types of price elasticity of demand.

Q8 What is price elasticity of demand? How can it be measured?

Q9 What is advertising elasticity? Discuss degrees of advertising elasticity.

Q10 What is elasticity of supply? Discuss the degrees of elasticity of supply.

Q11 What is income elasticity of demand? What are the different types of income elasticity?

Q12 Describe the different degrees of price elasticity with help of graphs.

Q13 Explain the concept and degrees of income elasticity.

Q14 Discuss the concept of demand forecasting and methods of forecasting demand.

Q15 Explain why demand curve slope downwards and supply curve slope upwards.

Unit 4

Q16 Describe the different cost curves in short run.

Q17 Explain the long run cost curve in detail. How cost curve in long run differ from short run?

Q18 What do you mean by price? Discuss the various types of pricing strategies.

Q19 Discuss the relationship between marginal cost, average cost and total cost with suitable graph.

Q20 Distinguish between short run and long run costs. What is relationship between the short run and long run, fixed and variable costs?

Unit 5

Q21 Explain the law of variable proportions with its various stages. What are the basic assumptions behind this law?

Q22 Describe the concept of returns to scale and distinguish among increasing returns to scale, constant returns to scale and decreasing returns to scale.

Unit 6

Q23 What are characteristics of perfect competition? Can a firm in short period under perfect competition remain in business if market price does not cover full cost?

Q24 Which of the following companies can be identified to be in a monopolistic competition? Justify your answer.

- a. Dominos (Fast Food)
- b. Microsoft (IT)
- c. Lafarge (Cement)
- d. Maruti Suzuki (Automobiles)

Q25 Compare the characteristics of an oligopoly with those of a perfect competition, monopoly and monopolistic competition.

Q26 Describe the characteristics of monopoly and price determination under monopoly.

Unit 7

Q27 Discuss the methods of measuring national income. Which one do you like the most and why?

Q28 What is Balance of payment? Discuss the parts of the balance of payments accounts.

Q29 What do you mean by national income? Discuss the methods of measuring national income.

Q30 What is Gross domestic product (GDP) and Net national product? Discuss why study of GDP is helpful in making investment decisions for a profit-aiming firm?

Q31 'Real measure of national income is NNP and not GDP.' Do you agree with this statement? Give reasons in support of your point of view.

Q32 'National income does not necessarily refer to income produced within the borders of country.' In this context, explain the difference between GNP and GDP. Also discuss difficulties in measurement of national income.

Q33 No method of national income accounting is perfect. Critically evaluate different methods of national income accounting in this context.

Q34 Elaborate the components of balance of payments. What is the difference between balance of payments and balance of trade?

Unit 8

Q35 From the following data, you are required to present on graph a profit volume graph to show the expected company performances based on budget for one year:

	(in 000 Rs.)
Sales	600
Marginal cost	350
Fixed cost	150

Also determine the Break-even point and margin of safety.

Q36 Describe the concept of break even analysis, its assumptions and limitations. How breakeven point is determined? Explain with help of break even chart.

Q37 The following information is given:

Sales = ₹200000; variable cost= ₹120000; Fixed cost = ₹30000

Calculate:

- Break-even point
- New break-even point if selling price is reduced by 10%
- New break-even point if variable cost increases by 10%
- New break-even point if fixed cost increases by 10%

