
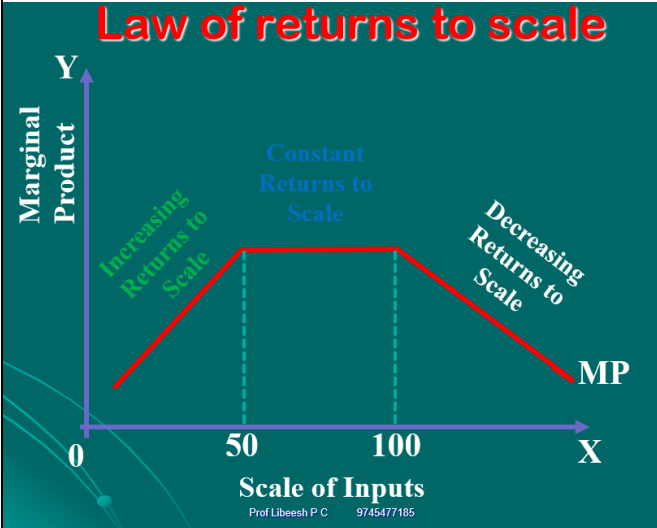


CMR INSTITUTE OF TECHNOLOGY		USN						 <small>CELEBRATING 25 YEARS</small> <small>CMR INSTITUTE OF TECHNOLOGY, BENGALURU.</small> <small>ACCREDITED WITH A++ GRADE BY NAAC</small>	
Internal Assessment Test - I									
Sub:	MANAGERIAL ECONOMICS						Code:	22MBA26	
Date:	30-08-2024	Duration:	90	Max Marks:	50	Sem:	II	Branch:	MBA
SET- II									
							Marks	OBE	
								CO	RBT
Part A - Answer Any Two Full Questions (2* 20 = 40 marks)									
1 (a)	Define Demand. <u>Answer:</u> Desire Backed up by the purchasing power and willingness to pay for it.						[03]	CO2	L1
(b)	What are the objectives of business economics? <u>Answer:</u> 1. To integrate economic theory with business practice. 2. To apply economic concepts: and principles to solve business problems. 3. To employ the most modern instruments and tools to solve business problems. 4. To allocate the scarce resources in the optimal manner. 5. To make overall development of a firm. 6. To minimize risk and uncertainty 7. To help in demand and sales forecasting. 8. To help in formulating business policies. 9. To help in profit maximization.						[07]	CO1	L1
(c)	Explain different types of Costs with suitable examples. <u>Answer:</u> Fixed cost Variable cost Total cost Marginal cost Average cost Sunk cost Implied cost Explied cist Accounting cost Social cost						[10]	CO4	L2
2 (a)	What is managerial economics? <u>Answer:</u> “ME is the integration of economic theory with business management for the purpose of facilitating decision making and forward planning by the management.” --- Milton Spencer and Louis siegelman						[03]	CO1	L1
(b)	Discuss the changes in demand. <u>Answer:</u>						[07]	CO3	L2

	Increase and decrease – Demand changes due to changes in other than prices - shift in demand – rightward and leftward extension and contraction - Demand changes due to change in price alone			
(c)	State of the law of returns to scale. Answer: an economic principle that describes how output changes when all inputs change in the same proportion. It's applied in the long run when no factors are fixed. Changes in output when all factors change in the same proportion are referred to as the law of return to scale.	[10]	CO4	L2
	 <p>The graph illustrates the Law of Returns to Scale. The vertical axis is Marginal Product (MP) and the horizontal axis is Scale of Inputs (X). The curve starts at the origin (0,0) and rises linearly through the region 'Increasing Returns to Scale' until X=50. It then remains horizontal through the region 'Constant Returns to Scale' until X=100. Finally, it falls linearly through the region 'Decreasing Returns to Scale'.</p>			
3 (a)	Calculate Total cost, Average Cost, Average Fixed Cost. Total Output 1000 units Fixed cost = Rs 68000/- Variable cost per unit Rs 50/- Answer: Total Cost = 1,18000 Average cost = 118 Average FC = 68/unit	[03]	CO4	L3
(b)	Discuss the role of a business economist. Answer: 1. Making successful Forecasts. 2. Maintaining Relationships. 3. Earning full Status on the Managerial team. 4. Inform the economic trend. 5. Prepare speeches for executives. 6. Participate in public debates.	[07]	CO2	L2
(c)	What is Isoquant? Explain its properties. Answer: An isoquant is a curve that shows all the combinations of inputs that yield the same level of output. „Iso“ means equal and „quant“ means quantity. An isoquant represents a constant quantity of output. Also known as an “Equal Product Curve” or “Production Indifference Curve” or Iso-Product Curve.”	[10]	CO4	L3

	<p>Properties</p> <ul style="list-style-type: none"> ● An isoquant lying above and to the right of another represents a higher output level. ● Two isoquants cannot cut each other ● Isoquants are convex to the origin ● No isoquant can touch either axis ● Isoquants are negatively sloped <p>Isoquants need not be parallel</p>			
4	<p>The freezing cold spell at the beginning of 2010 not only increased demand for road salt, but it increased demand for gas in the UK. Usage reached 454 cubic metres; the previous record was 449m set in January 2003. The National Grid which is responsible for energy in the UK issued several warnings in a matter of days that demand could outstrip supply and asked supplier so increase the supply. The National Grid also told major gas users, such as power plants, to reduce demand. Big generators, such as E.On, have both gas-fired and coal-fired power stations and are able to choose between the two. In total, 27 large gas users were asked to switch - 12 in the East Midlands and 15 in the North West.</p> <p>Questions</p> <ol style="list-style-type: none"> 1. Illustrate the effect of the cold spell on the demand for gas using a demand curve diagram. 2. Illustrate the effect of the National Grid instructing major gas users to reduce their demand. 3. Analyse two other factors that you think influence demand for gas. 4. Do you think demand for gas is price elastic or price inelastic? Explain your reasoning. <p>Answer:</p> <p>Due to the switching demand has decreased The consumption was reduced and so that price has got increased. Supply, Government control, climatic change, price of substituted product etc. Price inelastic because no proper substitution.</p>	[10]	CO3	L3

Course Outcomes (COs)		PO1	PO2	PO3	PO4	PO5	PSO1	PSO2	PSO3	PSO4
CO1:	The student will understand the application of Economic Principles in Management decision making.	1b, 2a					1a, 2a			
CO2:	The student will learn the microeconomic concepts and apply them for effective functioning of a Firm and Industry.		1a, 3b					1a, 3b		
CO3:	The Student will be able to understand, assess and forecast the demand.	4				2b			2b,4	
CO4:	The student will apply the concepts of production and cost for optimization of production			1c, 2c, 3a		3c				1c, 2c, 3a, 3c,
CO5:	The student will design competitive strategies like pricing, product differentiation etc. and marketing according to the market structure.									
CO6:	The student will be able to understand the impact of									

macroeconomic concepts.										
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Cognitive level	KEYWORDS
L1 - Remember	list, define, tell, describe, recite, recall, identify, show, label, tabulate, quote, name, who, when, where, etc.
L2 - Understand	describe, explain, paraphrase, restate, associate, contrast, summarize, differentiate interpret, discuss
L3 - Apply	calculate, predict, apply, solve, illustrate, use, demonstrate, determine, model, experiment, show, examine, modify
L4 - Analyze	classify, outline, break down, categorize, analyze, diagram, illustrate, infer, select
L5 - Evaluate	asses, decide, choose, rank, grade, test, measure, defend, recommend, convince, select, judge, support, conclude, argue, justify, compare, summarize, evaluate
L6 - Create	design, formulate, build, invent, create, compose, generate, derive, modify, develop, integrate

PO1–Theoretical Knowledge; PO2–Foster Analytical and Critical Thinking Abilities for data based decision making; PO3– Develop Value Based Leadership; PO4 –Ability to Understand and communicate various business aspects to global; PO5 – Ability to lead themselves and others in the achievement of organizational goals contributing effectively to a team environment;
PSO1- Comprehend Contemporary features of Business Management Science and its administration
PSO2- Analyze and interpret the dynamic situations for making Business Management strategies
PSO3- Handle responsibility with the ethical values for all actions undertaken by them
PSO4- Adapt and focus on achieving the organizational goal and objectives with complete zeal and commitment.

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