JAYPEE UNIVERSITY OF INFORMATION TECHNOLOGY, WAKNAGHAT

TEST -1 EXAMINATION- 2023

BBA-I Semester

COURSE CODE (CREDITS): 23BB1HS114 MAX. MARKS: 15

COURSE NAME: MANAGERIAL ECONOMICS

COURSE INSTRUCTORS: Dr. Amit Srivastava MAX. TIME: 1 Hour

Note: *(a) All questions are compulsory.*

(b) Marks are indicated against each question in square brackets.

(c) The candidate is allowed to make Suitable numeric assumptions wherever required for solving problems

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1. Short answers (max 50 words) **[1x4=4] (CO1)**

a). Define Managerial Economics?
b). What is Opportunity Cost?
c). Reason for changes in quantity demanded.
d). Law of Supply.

2. It is said that "if both demand and supply increases then equilibrium quantity always increases but change in equilibrium price is indeterminate". Discuss the statement with the help of suitable diagrams. **[2] (CO2]**

3. Mr. Raj is a small storeowner. He has invested Rs. 2 lakhs as equity in the store and inventory on which he could have earned an interest at the rate of 12.5% per annum. His annual turnover is Rs. 8 lakhs, from which he must deduct the cost of goods sold, salaries of hired staff, and other expenses to arrive at annual profit of the store which comes out to be Rs 6 lakhs, Rs 40000 and Rs 10000 respectively. Since doing business is a full-time work, therefore, ha had to quit his job where he was earning salary of Rs 50000.
Based on the concept of opportunity cost, should he continue with his business? Show all the relevant calculations also. **[3] (CO3]**

4. Calculate the price elasticity for the following cases: **[1x3=3] (CO2)**

a). $Q = 50 - 0.8 P$; Price = Rs 20
b). $P = 35 - 0.2 Q$; Price = Rs 10
c). $P = 200 - 1.5 Q$; Price between Rs 20 to Rs 30

5. While making a payment, which option will you select and why: Rs 10 lakhs now and Rs 5 lakhs after five years; OR – Rs 5 lakhs now, Rs 2 lakhs each year from 3rd to 6th year , Rs 3 lakhs each year from 9th to 12th year. (Assume discount rate 12% per annum). **[3] (CO3]**