Name: **Enrolment No:**	UPES UNIVERSITY WITH A PURPOSE

UNIVERSITY OF PETROLEUM & ENERGY STUDIES

End Semester Examination (Online) – January, 2020

Program: MBA - (CORE) **Semester : I**
Subject/Course: Managerial Economics **Max. Marks: 100**
Course Code: ECON7006 **Duration : 3 Hours**
Do as Directed

SECTION A

1. Each Question will carry 5 Marks
2. Instruction: Select the correct answer(s)

S. No.	Questions	CO
Q1	A fall in the price of a commodity, holding everything else constant, results in and is referred to as (a) an increase in demand, (b) a decrease in demand, (c) an increase in the quantity demanded, or (d) a decrease in the quantity demanded.	**CO1**
Q2	A consumer is in equilibrium when (a) $MU_X = P_x$ (b) $MU_X > P_x$ (c) $MU_X < P_x$ (d) $MU_X \geq P_x$	**CO1**
Q3	If elasticity of demand is equal to zero, demand is said to be (a) Inelastic (b) Elastic (c) Perfectly Inelastic (d) Perfectly Elastic	**CO1**
Q4	Elasticity of demand measures: (a) %age change in quantity demanded due %age change in output (b) %age change in output due to %age change in price (c) %age change in quantity demanded due to %age change in Price, Income and price of related good. (d) All of the above.	**CO2**
Q5	A t %age change in Labour/ Capital brings about less than t %age change in output, returns to factor are said to be (a) Constant (b) Increasing (c) Decreasing (d) Diminishing	**CO3**

Q6	Which is of the following is an important feature of Monopoly (a) Single Buyer (b) Homogenous Product (c) Single Seller (d) Free Exit and Entry of Firms	**CO4**

SECTION B

1. Each question will carry 10 marks

2. Instruction: Write short / brief notes

Q7	Find the cross elasticity of demand between hot dogs (X) and hamburgers (Y) and between hot dogs (X) and mustard (Z), for the data in following table :	**CO1**

Commodity	Before		After	
	Price (Rs. /unit)	Quantity (units/month)	Price (Rs. /unit)	Quantity (units/month)
Hamburgers (Y)	3.00	30	2.00	40
Hot dogs (X)	1.00	15	1.00	10
Mustard (jar) (Z)	1.50	10	2.00	9
Hot dogs (X)	1.00	15	1.00	12

Q8	Explain the concept of equilibrium in economics. For the following demand and supply functions determine equilibrium price and quantity i. $Q^d = 24 - 2P$ $\quad Q^s = -5 + 7P$ **ii.** $Q^d = 51 - 3P$ $\quad Q^s = -10 + 6P$	**CO3**
Q9	"When a manager is using a technically efficient input combination, the firm is also producing in an economically efficient manner." Evaluate this statement.	**CO3**
Q10	Consider a hypothetical firm whose output and cost structure is given in the following table. Calculate Total Cost, Average Variable Cost, Average Fixed Cost, Average Total Cost and Marginal Cost. Also graph and comment on the shape of these curves.	**CO4**

Output	**Total Fixed Cost**	**Total Variable Cost**
0	200	0
1	200	40
2	200	60
3	200	70
4	200	90
5	200	120
6	200	160
7	200	252

Q11	Consider the following demand and cost functions of a monopolist, determine the level of output produced, total revenue, total cost and profit of the firm. $p = 100 - 4q \quad and \quad C = 50 + 20q$	**CO4**

SECTION C

1. Each Question will carry 20 Marks.

2. Instruction: Write long answer.

Q12	Define income elasticity of demand. From the following table find the income elasticity of demand of this family for regular cuts of meat between the various successive levels of this family's income and	**CO2**

over what range of income are regular cuts of meat a luxury, a necessity, or an inferior good for this family

Income(₹/Year)	4,000	6,000	8,000	10,000	12,000	14,000	16,000	18,000
Quantity (1b/Year)	100	200	300	350	380	390	350	250

OR

Explain the price and output determination under perfect competition in the short run with diagrams.. Why the demand curve facing a perfectly competitive firm is perfectly elastic and serves as the firm's marginal revenue curve?