

Name:
Enrolment No:



UNIVERSITY WITH A PURPOSE

UNIVERSITY OF PETROLEUM AND ENERGY STUDIES
Online End Semester Examination, Jan 2021

Program: MBA-OG
Course: Managerial Economics
Course Code: ECON 7006

Semester: I
Max. Marks: 100
Duration: 3 Hours

SECTION A

- 1. Each Question will carry 5 marks.**
- 2. Attempt all the questions. Write very short answer.**

S. No	Question	COs
1.	Explain the first and second-order conditions of maximization.	CO1
2.	What are the factors that are held constant while deriving an individual demand curve?	CO2
3.	Which of the following commodities has the most inelastic demand and why? (a) Soap (b) Salt (c) Cigarettes, and (e) Ice-cream	CO2
4.	Distinguish between cost function and production function.	CO1
5.	What is the marginal rate of technical substitution?	CO1
6.	How does the study of managerial economics help a business manager in decision-making?	CO2

SECTION B

- 1. Each Question will carry 10 marks.**
- 2. Attempt all the questions. Write short answer.**

7.	Suppose that the general demand function for good X is – $Q_d = 60 - 2P_X + 0.01M + 7P_Y$ Where, Q _d = quantity of X commodity demanded, M = consumer income, P _X = Price of X, P _Y = Price of related good Y, (a) Is good X normal or inferior? Explain. (b) Are good X and Y substitutes or complements? Explain. Suppose that M = Rs. 40,000 and P _Y = Rs. 20. (c) What is the demand function of good X?	CO3
8.	Suppose that a firm is currently employing 20 workers, the only variable input, at a wage rate of Rs. 60. The average product of labour is 30, the last workers added 12 units to total output and total fixed cost is Rs. 3,600. (a) What is marginal cost? (b) What is average variable cost? (c) How much output being produced?	CO3

