

JAYPEE UNIVERSITY OF INFORMATION TECHNOLOGY

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Mid Semester Examination, Summer Semester – June 2018

B.Tech. - III Semester (All Branches)

Subject Code: 10B11PD311
Subject Name: Managerial Economics
Credit: 3

Max. Time: 2 Hrs

Max Marks: 50

Note: Answer all questions. Use of mobile phone during the exam will be treated as a case of unfair means. Make suitable assumptions wherever necessary.

1. Short answers: (max 100 words) (3x5=15)
 - a) Opportunity Costs
 - b) Economic Resources
 - c) Cross Elasticity
 - d) Delphi Method of forecasting
 - e) Coefficient of determination
2. What is Demand and demand curve? Graphically discuss the movement along the demand curve and shift in the demand curve. (8)
3. Following is the sales figure of a company for 10 months (Rs '000): 500, 520, 560, 480, 510, 530, 590, 600, 580, 600. Predict the demand of 11th period using 4- and 6-period moving average. Which is more reliable and why? (10)
4. Following is the demand equation of product x: $Q_x = 130 - 2.5 P_x + 1.6 I - 0.8 P_o$; where P_x is the price of good x in Rs, I is per-capita income in Rs thousand and P_o is the price of related goods in Rs. The initial values are given as follows: $P_x = Rs 6$, $I = Rs 45000$ and $P_o = Rs 1.5$. Calculate:
 - a) Price elasticity when only price changes to $P_x = 5.5$. (3x3=6)
 - b) Income elasticity when only income increases to $I = 65000$.
 - c) Comment on the nature of related product.
5. Consider the following demand equation: $Q = 400 - 4P$. Calculate: (3+3=6)
 - a) The price at which demand is elastic.
 - b) The price range where increase in price leads to decrease in total revenue.
6. What is the difference between Linear form of equation and Multiplicative form of equation? Discuss the method of calculating elasticity in both the cases, with proper derivation. (5)