TEST -1 EXAMINATION- 2025

BBA-I Semester

COURSE CODE (CREDITS): 23BB1HS114 (4)                    MAX. MARKS: 15

COURSE NAME: Managerial Economics

COURSE INSTRUCTORS: Dr. Bilal Khan (BLK)                 MAX. TIME: 1 Hour

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

(b) *Use of calculators is allowed.*

| Q. No | Questions | CO | Marks |
|---|---|---|---|
| 1. | State the *'Law of Demand'* and mention three reasons why demand curve slopes downward? | CO1 | 3 |
| 2. | Discuss the concept of market equilibrium. With the help of separate neat diagrams, explain what happens to market equilibrium when supply increases (demand remaining constant) and demand decreases (supply remaining same). | CO1 | 3 |
| 3. | Using *'Indifference curve'* analysis approach, explain how a consumer attains equilibrium. Support your answer with a diagram. | CO2 | 4 |
| 4. | (a) Price of the commodity increases from Rs. 100 to Rs. 120 per unit. Quantity demanded initially was 600 units. What should be the new quantity so that elasticity of demand established is unitary?<br><br>(b) The demand for butter falls from 500 units to 450 units when the price of bread decreases from ₹40 to ₹36. Find the cross elasticity of demand between bread and butter. State the nature of relationship. | CO1 | 1+1=2 |
| 5. | XYZ Motors Pvt. Ltd. has 2,000 unused batteries purchased earlier at ₹800 each. The current market value of these batteries is ₹1,200 each. The Production Department proposes to use them, along with ₹1,500 worth of additional materials and labor per battery, to manufacture e-bikes that can be sold for ₹2,500 each.<br>  a) Should XYZ motors use the batteries for production?<br>  b) Justify your answer using the opportunity cost principle. | CO1 | 3 |