JAYPEE UNIVERSITY OF INFORMATION TECHNOLOGY, WAKNAGHAT
TEST -3 EXAMINATION- 2025
BBA-I Semester

COURSE CODE (CREDITS): 23BB1HS114 (4)
COURSE NAME: MANAGERIAL ECONOMICS
COURSE INSTRUCTORS: ASA

MAX. MARKS: 35

MAX. TIME: 2 Hours

Note: (a) All questions are compulsory.

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

(c) Use of Calculator is allowed.

Q.No	Question	CO	Marks
Q1	Tata Motors operates a small manufacturing unit in Pune. The firm's production function is: $Q=K^{1/3}L^{1/3}$, where K = units of capital and L = units of labour. The firm pays Rs 600 per unit for rental rate of capital and Rs 450 per unit for wage rate of labour. What is the cost-minimizing capital–labour ratio (K/L) for this production function?	4	6
Q2	A manufacturing firm has provided the following Total Product (TP) schedule at different levels of labour employment. Calculate the firm's Total Variable Cost (TVC), Total Cost (TC), Average Cost (AC), Average Variable Cost (AVC), and Average Fixed Cost (AFC). The wage rate is ₹120 per day, and the Total Fixed Cost is ₹1,500.	4	4
Q3	A perfectly competitive firm has P=6, and firm's total cost function is given as: **TC=Q³–9Q²+26Q+10.** a) The profit-maximizing level of output b) The maximum profit earned by the firm	5	2+2 = 4
Q4	A firm faces the following market demand curve: P=100–2Q. Its marginal cost (MC) is constant at: MC=20. The firm becomes a monopolist and sets output where MR = MC. You are required to calculate: a) Competitive output and price b) Monopoly output and price c) Deadweight Loss (DWL) due to monopoly	5	2+2+2 = 6

Table for Q2:

Labour Units (L)	1	2	3	4	5	6	7	8	9	10
Output (Units)	8	15	23	38	55	72	86	98	105	108

Q5	Discuss the characteristics of Monopolistic Competition. Why it is said that it posses the properties of both monopoly and perfect competition. Discuss with suitable diagram.	3	5
Q6	What do you understand by Three Stages of Production? Briefly discuss its range with suitable diagram.	3	4
Q7	Short Answer (max 50 words) **a)** Isocost Curve **b)** Long-Run Cost Curve **c)** Price Elasticity of Demand **d)** Marginal Utility	2	1.5x4 =6