

JAYPEE UNIVERSITY OF INFORMATION TECHNOLOGY, WAKNAGHAT
TEST -1 EXAMINATION, SEPTEMBER 2018

B.Tech III Semester

Course Code: 10B11PD311

MAX. MARKS: 15

Course Name: Managerial Economics

Course Credits: 03

MAX. TIME: 1 Hr

Note: All questions are compulsory. Carrying of mobile phone during examinations will be treated as case of unfair means.

Q1. "If demand and supply both decrease then the quantity demanded always decreases but change in price is indeterminate". Discuss the above statement with the help of suitable graph.

CO 3 (3 marks)

Q2. Following is the demand equation for a product X. $Q_x = 3000 - 100P_x + 50P_y$. Calculate the

a) Point price elasticity at a price $P_x = \text{Rs. } 50$ and $P_y = \text{Rs. } 60$.

Does this point lie in the elastic or inelastic region?

b) Cross price elasticity at a price of Rs. 60 for product Y. What is the relationship between X and Y?

CO 3 (1.5*2=3 marks)

Q3. Rahul with a diploma in civil engineering is working in a real estate firm and getting a salary of Rs. 100000 p.a. He is thinking of starting his own real estate agency and has worked out the financials as given below.

Expenses: Rent + Utilities + Supplies = Rs. 250000; Salaries = Rs. 1500000

This would require him to invest Rs. 50000 initially. The rate of interest in the market is 8%.

He expects to generate revenue of Rs. 2000000 in the first year of business.

What is the accounting and economic profit for the firm likely to be?

CO 3 (1+2=3 marks)

Q4. Answer the following in about 100 to 150 words.

a) Differentiate between point and arc measures of elasticity.

CO3

b) Describe the evolution of the firm.

CO1

c) What determines the quantity of goods or services supplied in the market? CO3

(2*3 = 6 marks)