JAYPEE UNIVERSITY OF INFORMATION TECHNOLOGY, WAKNAGHAT

TEST -1 EXAMINATION- Sept 2017

B.Tech III Semester, All Branches

COURSE CODE: 10B11PD311   MAX. MARKS:15

COURSE NAME: MANAGERIAL ECONOMICS

COURSE CREDITS: 3   MAX. TIME: One Hr

Note: All questions are compulsory. Carrying of mobile phone during examinations will be treated as case of unfair means. Make suitable assumptions, if necessary.

1. Define: (1x3=3)
   a) Supply
   b) Price Floor
   c) Cross Elasticity

2. Why do firms exist in an economy?   (1)

3. "If both demand and supply increases then although quantity increases but price change is indeterminate". Discuss with the help of suitable graph.   (2)

4. The demand and supply equation for a commodity is given as follows: (3)
   $P = 24 – 0.2P$ (Demand Eq) ; $Q = 50 + 2P$ (Supply Eq.)
   Assuming the commodity is an essential commodity and the government wants to maintain a buffer stock of 21 units, what minimum price should government set for the product?

5. The demand function of a consumer goods is given as follows: $Q_x = 180 – 5P_y – 3P_x$
   where Q_x, P_x and P_y are the quantity demanded of the concerned goods, price of the concerned goods and price of related goods respectively. Calculate: (1x4=4)
   a) Price elasticity of X at initial prices.
   b) If the objective of the firm is to increase the revenue, should the price be increased or decreased and why?
   c) What is the nature of the related goods?
   d) Calculate the cross elasticity between X and Y at initial price of X and between initial & 150% price of Y.
   (Assuming initial price of X and Y is Rs 3 and R 9 respectively)

6. The demand function of a product is given as: $Q = 15 P^{-1.5} I^{-0.5}$ (2)

   Comment on the nature of the product.

PD-2, BT