BIJU PATNAIK INSTITUTE OF IT & MANAGEMENT STUDIES

MBA 1st SEMESTER (BATCH 2020-22)

CLASS TEST - I

Managerial Economics (MBA 101)

Total Marks : 30 **Time: 1½ Hour**

Q1. Answer all the following questions **[1X6=6]**

a) What is demand forecasting?
b) What are the demand determinants for durable goods?
c) Why do supply curves generally slope upwards?
d) What are the fundamental economic problems?
e) Why do demand curves generally slope downwards?
f) How the phenomenon of price elasticity of demand is explained in the context of necessaries and luxuries?

Q2. **Answer any three of the following:** **[3X3=9]**

a) What are the exceptions to the law of demand?
b) What are the factors that influence on the price elasticity of demand for a commodity?
c) Differentiate between shifting of the demand curve and movement along the demand curve.
d) What can be the possible effect on the supply curve of a commodity if the price of the commodity is expected to rise in future?
e) The demand for goods falls to 500 units in response to rise in price by Rs. 10. If the original demand was 600 units at the price of Rs. 30, calculate price elasticity of demand. Comment upon the likely shape of demand curve based on this information.

Q3. Answer any two of the following: **[7.5X2=15]**

a) Demand and supply in a market are described by the equations

$$Qd = 66-3P$$
$$Qs = -4+2P$$

(i) Solve algebraically to find equilibrium P and Q.
(ii) What is the equilibrium P and Q if the per unit tax is 5?

b) Demand and supply in a market are described by the equations

$$Qd = 120-8P$$
$$Qs = -6+4P$$

(i) Solve algebraically to find equilibrium P and Q.
(ii) If the Government sets the price at Rs 15, how many units would be supplied and demanded?

c) "If a price is not an equilibrium price, there is a tendency for it to move to its equilibrium level. Regardless of whether the price is too high or too low to begin with, the adjustment process will increase the quantity of the good purchased". Explain using a demand and supply diagram.

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BIJU PATNAIK INSTITUE OF IT & MANAGEMENT STUDIES
1ST SEMESTER MBA (BATCH 2018-20)
CLASS TEST-I
Managerial Economics (18MBA 101)

Total Marks: 30 **Time: 1 ½ Hours**

I. Answer all the Questions (1x10=10 marks)

1. What do you mean by Giffen paradox and Giffen goods?
2. The price elasticity of demand of colour TV is estimated to be -2.5.If price of colour TV is reduced by 20%,how much percentage increase in the quantity of colour TVs sold do you expect.
3. Given the following demand and supply functions find the equilibrium price and quantity in the market :

   Demand: Qd=100-P

   Supply: P= 10+2Qs
4. Distinguish between derived and autonomous demand.
5. What would happen to the supply curve if the number of firms producing a commodity in the economy increases?
6. If the price of milk increases what do you think will happen to the demand for cornflakes? Give reason for your answer.
7. What is the cross elasticity for substitute goods and complementary goods.
8. What is demand function?
9. What is the difference between demand forecasting and demand estimation.
10. What are the determinants of supply.

II. Short Questions (Answer any two) (2x5=10)

1. After a central statistical analysis, Tasty Burgers of Mumbai concludes that the demand function for its burger is Q=500-3P+2Pi+0.1Y
   Where Q= Quantity demanded of its burgers
   P=Price of its burgers
   Pi=Price of burgers of Jumbo burgers, the closest rival of Tasty burgers.
   Y=Disposable income of consumers of Mumbai
   In the year 2006, P=Rs.10, Pi=Rs.20, Y=Rs.6000
   i) What is the price elasticity of burgers of Tasty burgers.
   ii) What is the income elasticity of for burgers of Tasty Burgers.
   iii) What is the cross elasticity of demand between the burgers of Tasty burgers and Jumbo burgers.

2. Forecast the trend of demand for cellular phones manufactured by Always connected mobiles Pvt. Ltd for the next five years on the basis of the time series given.

YEAR	DEMAND(in lakhs)
2001	120
2002	140
2003	120
2004	150
2005	180

3. Analyse the points of difference between change in demand and shift in demand with diagram.

III. Long questions (Answer any one) (1x10=10 marks)

1. How the study of managerial economics does help a business manager in business decision making? Illustrate your answer with examples from production and pricing issues.
2. What is law of demand?Discuss its exceptions with practical examples?

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BIJU PATNAIK INSTITUE OF IT & MANAGEMENT STUDIES
1ST SEMESTER (BATCH 2017-19)
CLASS TEST-I
Economics for Management (MNG104)

Total Marks: 30 **Time: 1 ½ Hours**

I. Answer all the Questions : (1x10=10 marks)

A) Answer all the questions: (1x7=7 marks)

1. What is opportunity cost?
2. What do you mean by Giffen paradox and Giffen goods?
3. The price elasticity of demand of colour TV is estimated to be -2.5.If price of colour TV is reduced by 20%,how much percentage increase in the quantity of colour TVs sold do you expect.
4. Given the following demand and supply functions find the equilibrium price and quantity in the market :
   Demand: Qd=100-P
   Supply: P= 10+2Qs
5. Distinguish between derived and autonomous demand.
6. What would happen to the supply curve if the number of firms producing a commodity in the economy increases?
7. If the price of milk increases what do you think will happen to the demand for cornflakes? Give reason for your answer.

B) Fill in the blanks: (1x3=3 marks)

1. Goods which create joint demand are ------------- goods and goods that compete with each other to satisfy any particular want are called ----------- goods.
2. Cross elasticity for substitutes is -------------------- and cross elasticity for complementary products is ---------------
3. Movement along the same demand curve occurs due to --------------------- and shift of the demand curve occurs due to -----------------------

II. Answer any two of the following : (2x5=10 Marks)

1. After a central statistical analysis, Tasty Burgers of Mumbai concludes that the demand function for its burger is Q=500-3P+2Pi+0.1Y
   Where Q= Quantity demanded of its burgers
   P=Price of its burgers
   Pi=Price of burgers of Jumbo burgers, the closest rival of Tasty burgers.
   Y=Disposable income of consumers of Mumbai
   In the year 2006, P=Rs.10, Pi=Rs.20, Y=Rs.6000
   i) What is the price elasticity of burgers of Tasty burgers.
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   iii) What is the cross elasticity of demand between the burgers of Tasty burgers and Jumbo burgers.

2. Forecast the trend of demand for cellular phones manufactured by Always connected mobiles Pvt. Ltd for the next five years on the basis of the time series given.

YEAR	DEMAND(in lakhs)
2001	120
2002	140
2003	120
2004	150
2005	180

3. Analyse the points of difference between change in demand and shift in demand with diagram.

III. Long questions (Answer any one) (1x10=10 marks)

1. How the study of managerial economics does help a business manager in business decision making? Illustrate your answer with examples from production and pricing issues.

2. What is market equilibrium? Give a tabular and graphical illustration for price determination in a free market?

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BIJU PATNAIK INSTITUE OF IT & MANAGEMENT STUDIES
1ST SEMESTER (BATCH 2016-18)
CLASS TEST-I
Economics for Management (MNG104)

Total Marks: 30 **Time: 1 ½ Hours**

I. Answer all the Questions (1x10=10)

1. Explain Bandwagon and Snob Effect with appropriate examples.
2. How does consumer behaviour and demand are related to each other? Give appropriate example.
3. What would happen to the supply curve if the number of firms producing a commodity in the economy increases? Explain graphically.
4. For the following pair of equation, determine algebraically the equilibrium price and output : $P=6-Q_d$, $Q_S=3P-2$
5. If the price of milk increases, what do you think will happen to the demand for cornfalkes? Give reason for your answer.
6. "Managerial Economics is an applied micro economics", justify.
7. ___________ goods have a positive relation between their demand and income, ___________ goods have a negative relation for the same.
8. Goods which create joint demand are _________________ goods and goods that compete with each other to satisfy any particular want are called ________________ goods.
9. Price has a __________ effect on demand whereas __________ bears a positive relationship with demand.
10. Positive economic analyses problems on the basis of _________, whereas normative economics is concerned with questions involving _______________.

II. Short Notes (Answer any two) (2x5=10)

1. (a) Explain change in demand and shift in demand graphically.
   (b) You are working with the marketing division of a mobile company. How would you use your knowledge of demand and supply in determining appropriate marketing strategy for your company?
2. Assume that there is a fruit seller who has 20 KG of oranges to be sold and he wants to fix a price so that all the oranges are sold. There are three customers in the market and their individual demand functions are given as below:
   $D1= 25-1.0P$
   $D2= 20-0.5P$
   $D3= 15-0.5P$
   Determine the market demand equation for the fruit seller and find out the price at which he can sell all the oranges and also identify the quantity demanded by each customer.
3. There are 1,000 identical individuals in the market for commodity X given by $Q_{dx}= 12{,}000-2{,}000P_X$, ceteris paribus and 100 identical producers of commodity X, each with a function given by $Q_{sx}= 2000P_X$, ceteris paribus.
   a. Find the equilibrium price and quantity.
   b. If there is an increase in consumer's income $Q_{dx}= 14{,}000-2000P_X$, derive the new market demand schedule and state the new equilibrium price and quantity.

III. Long questions (Answer any one) (10x1=10)

1. How does the study of managerial economics help a business manager in business decision making? Illustrate your answer with examples from production and pricing issues.
2. What is the law of demand? Explain with the help of demand schedule and demand curve. What are the exceptions to this law?

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BIJU PATNAIK INSTITUE OF IT & MANAGEMENT STUDIES
1^{ST} SEMESTER (BATCH 2015-17)
CLASS TEST-I
Economics for Management (MNG104)

Total Marks: 30 **Time: 1 ½ Hours**

1. **Answer any five of the following** **[5x2=10]**
   a) What do you mean by production function, explain with example?
   b) What is equilibrium price and quantity, explain with example?
   c) Define marginal productivity of labour, and explain with figure.
   d) Define arc elasticity of a product, also explain with equation.
   e) What is Band wagon effect, explain with example?
   f) What do you mean by substitution effect, explain with example?

2. **Answer any One of the following.** **[1x10=10]**
   a) Explain and illustrate the three stages of short run production with the help of figure and table. Why producer does not want to go into 3^{rd} stage? Explain.
   b) Describe the methods of measurement of price elasticity of demand in detail.
   c) What are the laws of returns to scale, illustrate with figure and table.

(Answer any Two of the following) **[2x5=10]**

3. The short run production function of a Hosiery mill is:
   $Q = 12L + 6L^2 - 0.1L^3$
   Where, Q = daily output of Banians
   L = the number of labour hour employed
   (i) How many labour hours are employed when the average output of banians is maximized?
   (ii)How many labour hours are employed when the marginal output of banians is maximized?

4. The supply and demand curve for a commodity are known to be $Q_s = p - 1$
$Q_d = \dfrac{12}{p}$ find the equilibriu m price.

5. Find the elasticity of demand , when p = 4 if the demand function is $x = 25 - 4p + p^2$ where x is the quantity demand and p is the price.

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