Roll No. ☐☐☐☐☐☐☐☐☐☐☐☐

PRESIDENCY UNIVERSITY
BENGALURU
School of Management
Mid - Term Examinations – November 2024

Semester: I

Course Code: MBA1022

Course Name: Economics for Managers

Program: MBA

Date: 4-11-2024

Time: 09:30am – 11:00am

Max Marks: 50

Weightage: 25%

Instructions:

(i) Read all questions carefully and answer accordingly.

(ii) Do not write anything on the question paper other than roll number.

Part A

Answer ALL the Questions. Each question carries 3 marks.   **3Mx5Q=15M**

1.	Draw and describe the shape of the demand curve for perfectly inelastic demand.	3 Marks	Knowledge	CO1
2.	Define cross elasticity of demand. Explain it types.	3 Marks	Knowledge	CO1
3.	Construct an imaginary individual demand schedule and a market demand schedule and state the relationship between price and quantity demanded.	3 Marks	Knowledge	CO2
4.	Briefly explain the determinants of supply.	3 Marks	Knowledge	CO2
5.	Define Production Possibility Curve.	3 Marks	Knowledge	CO1

Part B

Answer ALL the Questions. Each question carries 10 marks.   **10Mx2Q=20M**

6.	Describe the income elasticity and its types with neat diagrams and examples.	10 Marks	Application	CO2

OR

7.	a) Explain the various factors affecting demand for a product. b) If a consumer increases the consumption of X from 10 kgs to 15 kigs due to decrease in price from Rs. 8 to Rs. 6. How much is the price elasticity of demand. Comment.	10 Marks	Application	CO3

8. Assuming the demand function is Qd=60-P/2 and supply function is Qs=5+5P. Fill in the table and locate equilibrium point with the help of a graph.   10 Marks   Application   CO2

PRICE (P)	Qd	Qs
0	60	5
2		
4		
6		
8		
10		
12		
14		
16		

OR

9. You are provided with the following information: 10 Marks   Application   CO3

NAME OF PRODUCT	ORIGINAL PRICE	NEW PRICE	ORIGINAL DEMAND	NEW DEMAND
A	10	11	50	45
B	2	1.2	10	18
C	90	92	40	35
D	5	4	25	30

Which product has the greatest elasticity and which is the least? (use ARC method)

Part C

Answer the Question. Question carries 15 marks.   **15Mx1Q=15M**

10. Stephen owns a pharmaceutical shop. People generally visited the pharmacy to buy pain relieving tablets. Stephen sells two tablets Ibuprofen and Tylenol alternatively as per the demand. The following table shows the price and quantity demanded for the two products in 3 months.   15 Marks   Analysis   CO4

Month	Price of Ibuprofen	Price of Tylenol	Quantity demanded for Ibuprofen	Quantity demanded for Tylenol	Income
April	10	4	10	5	60
May	8	6	16	8	80
June	4	8	20	10	100

Use the table above to answer the following questions.
   a) What is the income elasticity of demand for Ibuprofen when the income of consumers increases from 60 to 80? What type of product is ibuprofen?
   b) What is the cross elasticity of demand for Tylenol when the price of Ibuprofen decreases from Rs.8 to Rs.4? Are the two tablets complements or substitutes?
   c) What is price elasticity of demand for Tylenol if the price increases from Rs.4 to Rs.6? State whether the demand is elastic or inelastic?