PRESIDENCY UNIVERSITY

BENGALURU

Mid - Term Examinations –October 2025

Date: 10-10-2025   **Time:** 11.45am to 01.15pm

School: SOL	**Program:** BBA. LLB (Hons.)
Course Code: BBL3103	**Course Name:** Managerial Economics
Semester: I	**Max Marks**:50 **Weightage**:25%

CO - Levels	CO1	CO2	CO3	CO4	CO5
Marks	36	14	-	-	-

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 2marks.   **5Q x 2M=10M**

1	Why is a firm willing and able to increase the quantity supplied as the product price increases?	2 Marks	L1	CO1
2	Suppose I observe that communities with lots of doctors tend to have relatively high rates of illness. I conclude it that doctors cause illness. What is wrong with this reasoning?	2 Marks	L2	CO1
3	The Indian economy is best described as having a mixed economy. What are some elements of command in the Indian economy? What are some market elements?	2 Marks	L2	CO1
4	Identify sources of economies of scale and diseconomies of scale.	2 Marks	L1	CO2
5	How did the institutions of the firm get a boost from the advent of the industrial revolution? What type of business organizations existed before this?	2 Marks	L2	CO2

Part B

Answer the Questions..   **4Q x 10M=40M**

6.	Discuss the impact of rational self-interest on each of the following decisions. a. Whether to attend college full time or enter the workforce full time b. Whether to buy a new textbook or a used one. c. whether to attend a local college or an out – of – town college	10 Marks	L2	CO1
	Or			
7.	Determine whether each of the following would increase or decrease the opportunity costs for mothers who decide not to work outside the home. Explain your answers. a. Higher levels of education for women b. Higher unemployment for women c. Higher average pay levels for women d. Lower demand for labor in industries that traditionally employ women.	10 Marks	L2	CO1

8.	Using demand and supply curves, show the effect of each of the following on the market for cigarettes: a. A cure for lung cancer is found b. The price of Cigars increases c. Wages increases substantially in states that grow tobacco d. A fertilizer that increases the yield per acre of tobacco is discovered	10 Marks	L1	CO1
	Or			
9.	Determine whether each of the following would cause the national economy's Production Possibilities Frontier (PPF) to shift inward, outward, or not at all: a. An increase in average length of the annual vacations b. An increase in immigration c. A decrease in the average retirement age d. The migration of skilled workers to other countries	10 Marks	L2	CO1

10.	Use the below data to graph and explain the concept of equilibrium, surplus and shortage situations in the market. **Million of Pizzas per week** 	Price per Pizza	Quantity Demanded	Quantity Supplied	Surplus or Shortage	Effect on Price
Rs. 150	8	28		
120	14	24		
90	20	20		
60	26	16		
30	32	12				10 Marks	L2	CO1
	Or			
11.	For each of the following absolute values of price elasticity of demand, indicate whether demand is elastic, inelastic, perfectly elastic, and	10 Marks	L2	CO1

perfectly inelastic or unit elastic. In addition, determine what would happen to total revenue if a firm raised its price in each elasticity range identified. Explain your observation.

	Absolute value	Elasticity	Effect of price increase
A	Ed= 2.5		
B	Ed= 1.0		
C	Ed= ∞		
D	Ed= 0.8		

12.	Explain three stages of production process in the short run. Complete the following table. And interpret at what point does diminishing marginal return set in?	10 Marks	L2	CO2

Units of variable resource	Total product	Marginal product
0	0	-
1	10	-
2	22	-
3	-	9
4	-	4
5	34	-

Or

13.	Assume that labor and capital are the only inputs used by a firm. Capital is fixed at 5 units, which cost Rs. 100 each. Each worker can be hired for Rs. 200 per day. Complete the following table to show average variable cost (AVC), average total cost (ATC), and marginal cost (MC) and explain the relations between them through a graph.	10 Marks	L2	CO2

Quantity of Labor	Total Output	AVC	ATC	MC
0	0			
1	100			
2	250			
3	350			
4	400			
5	425			