JAYPEE UNIVERSITY OF INFORMATION TECHNOLOGY, WAKNAGHAT

TEST -2 EXAMINATION- 2025

BBA-I Semester

COURSE CODE (CREDITS): 23BB1HS114 (4) MAX. MARKS: 25

COURSE NAME: Managerial Economics

COURSE INSTRUCTORS: Dr. Bilal Khan MAX. TIME: 1 Hour 30 Min

Note: (a) All questions are compulsory.

(b) Use of calculators is allowed.

Q. No	Questions	CO	Marks
1.	What is the *'Law of Variable Proportions'*? Show the various stages of this law with the help of a neat diagram and mention how total product, average product and marginal product change in each stage.	CO3	4
2.	Define fixed costs and variable costs with suitable examples.	CO3	2
3.	Discuss the concept of *'Ridge Lines'* diagrammatically. Also, explain the equilibrium condition of optimal employment of two factor inputs to minimize the cost of production.	CO3	3
4.	Explain the short equilibrium of a firm under perfect competition through MR-MC approach.	CO4	4
5.	Write short notes on *any two* of the following: (a) Isoquants and its types (with diagram) (b) Relationship between MC, ATC and AVC (with diagram) (c) Shut-Down Point (with diagram) (d) Four assumptions of perfect competition	CO4	4
6.	Total Product schedule of a firm at different levels of labour employment is given below. Calculate the firms *total variable cost, total cost, average cost, average variable cost and average fixed cost*, if wage rate is Rs. 150 and total fixed cost is Rs. 1250.	CO3	3
7.	A firm uses labour as its only variable input to produce output. The relationship between labour (L) and total output (Q) is given below:	CO3	5

Labour (L)	1	2	3	4	5	6	7	8
Output (Q)	10	25	45	70	85	95	103	108

Labour (L)	0	1	2	3	4	5	6	7	8
Output (Q)	0	12	28	45	56	62	65	65	63

(a) Determine schedules for marginal productivity of labor and average productivity of labor.

(b) Determine the range of employment that show the three stages of production

(c) Indicate the level of employment at which the law of diminishing returns first occurs.

(d) Suppose the market price of the output $20 and the wage rate is $100, how many workers would this firm hire? What if the market price decreases to $10?

(e) Suppose the market price increases to $30, what is the highest wage rate the firm would be willing to pay to employ 5 units of labour?