JAYPEE UNIVERSITY OF INFORMATION TECHNOLOGY, WAKNAGHAT

Supplementary Examination- 2026

BBA I Semester

COURSE CODE(CREDITS): 23BB1HS114 (4) MAX. MARKS: 75

COURSE NAME: MANAGERIAL ECONOMICS

COURSE INSTRUCTORS: ASA MAX. TIME: 2 Hours

Note: *(a) All questions are compulsory.*

(b) The candidate is allowed to make Suitable numeric assumptions wherever required for solving problems

(c) Use of Calculator is allowed.

Q.No	Question	CO	Marks
Q1	Ms. Lakshita runs a small boutique. She has invested ₹3 lakhs of her own funds as equity in the business. If this amount were deposited in a fixed deposit, it could have earned interest at the rate of 10% per annum. The boutique has an annual turnover of ₹10 lakhs. From this, the cost of goods sold is ₹7 lakhs, salaries paid to staff amount to ₹60,000, and other operating expenses are ₹20,000. Running the boutique requires her full-time involvement, due to which she resigned from a job where she was earning a salary of ₹80,000 per annum. Based on the concept of opportunity cost, advise whether Ms. Lakshita should continue running her boutique. Show all the relevant calculations.	**3**	**10**
Q2	When the average monthly income of a household increases from ₹30,000 to ₹36,000, the demand for a particular good change from 15 units to 18 units. **a)** Calculate Income Elasticity of Demand. **b)** What does the value suggest about consumer behaviour toward this good?	**2**	**5x2 = 10**
Q3	The Cobb-Douglas Production Function of M/S Shanaya Enterprises is given as: $\mathbf{Q = K^{0.4} L^{0.6}}$. Assume that the price of output (and marginal revenue) is ₹20 per unit. The firm is currently using 81 units of capital. If the wage rate of labour is ₹240 per unit, determine the number of units of labour the firm should employ in order to operate efficiently.	**3**	**10**
Q4	Arayana Confectionery operates in a long-run perfectly competitive market. The firm's total cost function is given as: $\mathbf{TC = 8Q - 0.06Q^2 + 0.004Q^3}$	**5**	**5x3 = 15**

	a) Determine the profit-maximising level of output for the firm. **b)** Find the price at which the firm will operate in long-run equilibrium. **c)** Calculate the amount of profit or loss earned at this level of output.		
Q5	Explain the phenomenon of price stickiness under oligopoly with reference to the Kinked Demand Curve Theory. How does this theory account for the tendency of firms in oligopolistic markets to maintain stable prices despite changes in cost conditions? Illustrate your answer with the help of an appropriate diagram.	**5**	**10**
Q6	"Explain how the Long-Run Average Cost curve envelops the Short-Run Average Cost curves. Why is it called an envelope curve?"	**4**	**10**
Q7	Write short-notes on (max 50 words) **a)** Indifference Curve **b)** Complementary Goods **c)** Perfectly Inelastic Demand **d)** Isoquant	**1**	**2.5x4 = 10**

Supply Exam-Jan-2026