

University of Pune
Department of Management Sciences
MBA-BT Semester I
Mid Semester Exam Sept 2013
103- Managerial Economics

Question Paper: 40 marks

Time: 2Hrs

NB: 1) All questions are compulsory.

2) Figures to the right of a question indicate marks assigned to it.

Q.1 Read the paragraph and answer the following questions. (4)

Americans have become enthusiastic about high- value Indian tea and shops selling varieties have come up along the East Coast. Demand for premium Indian tea is going up by 5%-7%. The sales are up by 32% from 2007. There is a rising interest in ethnic cosines. Americans are preferring tea to coffee. Indians Irish and Britons in US want Indian tea. The US is huge market for Indian tea

- 1) Explain the determinants of Demand for Indian tea in the US.
- 2) Explain the changes in demand for tea with a suitable diagram.
- 3) What is the relationship between tea and coffee?

Q.2 Solve any two of the following. (6)

(a) Given the Marginal Utility schedule, calculate consumer's surplus. Price is Rs 7 per unit.

Unit	1	2	3	4	5	6	7	8
M.U.	20	19	16	12	7	3	0	-3

(b) Using the data, find cross elasticity of demand for A w.r.t price of B

$$P_{A1}=20, P_{A2}=19, D_{B1}=120, D_{B2}=130, P_{B1}=19, P_{B2}=18, D_{A1}=120, D_{A2}=100.$$

(c) Find out Income Elasticity of demand of a given product.

Y/D	Original	New
Income	1,00,000	1,50,000
Demand	40	35

Q-3 Attempt any two of the following (10)

- (a) Distinguish between: Micro Economics & Macro Economics.
- (b) Give any two applications of Managerial Economics.
- (c) What are contents of Managerial Economics.?

Q-4 Attempt any two of the following (10)

- (a) State and explain the Law of Demand.
- (b) Write about Giffen Goods.
- (c) What is Promotional Elasticity of Demand?

Q-5 Attempt any two of the following (10)

- (a) Write about Profit Maximization as a goal of organization.
- (b) What is Private Ltd Company?
- (c) Distinguish between: Single Proprietary firm & Partnership Firm.