MASTER OF BUSINESS ADMINISTRATION

First Semester

Managerial Economics

(MBA- 03)

Duration: 3Hrs. **Full Marks: 70**

Part-A (Objective) =20
Part-B (Descriptive)=50

(PART-B: Descriptive)

Duration: 2 hrs. 40 mins. **Marks: 50**

1. **Answer the following questions** (any *five*) **5×2 =10**

   a) Define clearly: inferior goods.

   b) What is meant by "Economies of Scale"?

   c) Define Opportunity Cost.

   d) Define GNP at market price and factor cost.

   e) Distinguish between Short run and Long run.

   f) Draw a diagram explaining TFC, TVC and TC.

   g) Define clearly what is meant by market.

2. **Answer the following questions** (any *five*) **5 ×3=15**

   a) Distinguish between Micro and Macro analysis.

   b) Show with diagram the relationship between AR and MR.

   c) Highlight the main features of LAC

   d) Discuss how the Isoquant is derived?

   e) What is meant by marginal rate of technical substitution?

   f) Distinguish between Monopoly and Monopsony.

   g) What is the utility of production possibility curve?

3. Answer the following questions (any ***five***) **5 ×5=25**

a) Discuss how managerial economics is different from traditional economics.

b) What is meant by diminishing returns to scale? What are the causes for it?

c) Discuss the conceptual conflict between economists and accountants while measuring profit.

d) If a balance of payment (BOP) is always balanced, then why the problems of deficit and surplus arise in BOP?

e) Highlight clearly the features of perfect competition.

f) Define clearly GDP, NDP, Real GNP and Nominal GNP.

g) What is meant by diminishing returns to scale? What are the causes for it?

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REV-00
MBA/24/28 2014/01

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(The figures in the margin indicate full marks for the questions)

Duration: 20 minutes **Marks – 20**

PART A- Objective Type

I. Choose the correct options from the following: **1 ×20=20**

1. Law of diminishing returns to factor is relevant to
   a) Short period. b) Long period. c) Market period. d) None of these.

2. Which curve is known as the envelope curve?
   a)LAC b)SAC c)TC d)AFC

3. Cost incurred on building is
   a) Fixed b) Variable c) Semi-variable d) Sunk

4. Cost of sacrificed alternative is
   a) Implicit cost b) Opportunity cost c) Marginal cost d) Variable cost

5. Price paid for purchase of machinery is
   a) Replacement cost b) Historical cost c) Sunk cost d) Implicit cost

6. Additional cost for producing one more unit is called
   a) Implicit cost b) Book cost c) Sunk cost d) Marginal cost

7. In short run, which factor of production cannot be varied?
   a) Labour b)Capital c) Raw materials d) None of these

8. The line joining different combination of inputs producing same output is called
   a) Iso-cost b) Iso-quant c) Iso-revenue d) Iso-profit

9. The degree to which the quantity supplied responds to price change is called elasticity of
   a) Substitution b) Demand c) Supply d) Price

10. When percentage change in demand is more than percentage change in price, elasticity is

a) Elastic b) Inelastic c) Unit elastic d) Semi elastic.

11. Demand curve was drawn with empirical evidence by

a) Utility b) Revealed preference c) Indifference curve d) Market demand

12. Industry with few firms is termed as

a) Monopoly b) Oligopoly c) Monopolistic competition d) Duopoly

13. There are no ______cost in the long run.
a)Fixed b)Variable c)Total d)Marginal

14. In case of perfect competition, elasticity of demand is

a) Zero b) One c) Minus one d) Infinity.

15. Any Market with many sellers and one buyer is

a) Monopsony b) Monopoly c) Bilateral monopoly d) Impossible

16. Which of the following is not included while calculating National Income?

a) Rent b) Salaries c) Undistributed profit d) Pensions

17. International trade can take place only when there is ___________
a) Absolute cost difference b) Equal cost difference
c) Comparative differences in cost d) None of above

18. The firms can earn only normal profits under________-competition.

a)Pure b)Perfect c)Imperfect d)None of the above.

19. Personal income minus personal tax is equal to

a) GNP b) Per capita income c) Disposable income d) NNP

20. Balance sheet of a company is a

a) Stock b) Flow c) Change in stock d) Quasi stock

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