

MASTER OF BUSINESS ADMINISTRATION
FIRST SEMESTER
MANAGERIAL ECONOMICS
MBA – 107

**SET
A**

[USE OMR SHEET FOR OBJECTIVE PART]

Duration: 3 hrs.

Full Marks: 70

Time: 30 mins.

(Objective)

Marks: 20

Choose the correct answer from the following:

1 × 20 = 20

- Which of the following is an example of complementary good?
 - Tea and coffee
 - Coke and Pepsi
 - Rice and Wheat
 - None of these
- Demand for a commodity refers to:
 - Need for the commodity
 - Desire for the commodity
 - Amount of the commodity demanded at a particular price and at a particular time
 - Quantity demanded of that commodity
- Expansion of demand occurs due to:
 - Rise in price of the given commodity
 - Fall in price of the given commodity
 - Rise in price of the substitute goods
 - Fall in price of the complementary goods
- The horizontal demand curve parallel to x-axis implies that the elasticity of demand is:
 - Zero
 - Infinite
 - Equal to one
 - Greater than zero but less than infinity
- Which one of the following is not an essential element of supply?
 - Price of the commodity
 - Period of time
 - Willingness to buy
 - Quantity of the commodity
- Elasticity of supply is said to be perfectly inelastic when
 - Supply doesn't change with change in price
 - There is an infinite supply at a particular price
 - When percentage change in supply is equal to percentage in price
 - When percentage change in supply is more than change in price.
- If quantity supplied increases by 60% due to a 50% increase in price, then elasticity of supply is
 - (-)1.2
 - (+)1.2
 - (-)0.83
 - (+)0.83

8. When MP is zero, what can you say about TP?
 - a. TP is increasing
 - b. TP is maximum
 - c. TP is falling
 - d. None of the above
9. Marginal product refers to addition to total product when one more
 - a. Unit is produced
 - b. Unit is sold
 - c. Unit is consumed
 - d. Unit of variable factor is employed
10. Law of variable proportion is also known as
 - a. Law of returns
 - b. Returns to variable factor
 - c. Law of returns to factor
 - d. All of these
11. Which of the following is not a reason for operation of increasing returns to a factor
 - a. Better utilization of fixed factor
 - b. Limitation of fixed factor
 - c. Increase in efficiency of variable factor
 - d. Indivisibility of fixed factor
12. Identify two cost curves which starts from the same point on the Y axis
 - a. TVC and TFC
 - b. TFC and AVC
 - c. TFC and TC
 - d. TFC and AFC
13. Average fixed costs
 - a. Remain same at all levels of output
 - b. Increase as output increases
 - c. Decreases as output increases
 - d. Initially increases and then decreases
14. Normal profits earned by a firm are included in:
 - a. Implicit cost
 - b. Explicit cost
 - c. Fixed cost
 - d. Variable cost
15. If average revenue is a horizontal straight line, then marginal revenue curve will be:
 - a. Downward sloping
 - b. Horizontal straight line
 - c. Upward sloping
 - d. Inversely S-shaped
16. If a seller gets Rs.10,000 by selling 100 units and Rs. 14000 by selling 120 units, his Marginal revenue is
 - a. Rs. 4000
 - b. Rs. 450
 - c. Rs.200
 - d. Rs.100
17. Which of the following is not a type of market structure?
 - a. Competitive monopoly
 - b. Oligopoly
 - c. Perfect competition
 - d. All of the above are types of market structures.
18. Which of the following is a barrier to entry that typically results in monopoly?
 - a. The firm controls the entire supply of a raw material
 - b. Production of the industry's product is subject to economies of scale over a broad range of output.
 - c. Production of the industry's product requires a large initial capital investment.
 - d. The firm holds an exclusive government franchise.

19. Advertising creates employment as it increases the volume of sales and
- a. Production
 - b. Marketing
 - c. Promotion
 - d. Personal selling
20. To introduce the new products to world of consumers is the main goal of
- a. Entertainment
 - b. Advertising
 - c. Boost the sales
 - d. Online marketing

(Descriptive)

Time : 2 Hr. 30 Mins.

Marks : 50

[Answer question no.1 & any four (4) from the rest]

1. Explain the "Law of variable Proportion" with schedule and diagram. 10
2. a) What are the main determinants of individual Supply? 5+5=10
b) What are the causes of Law of Demand? -
3. a) What are the importances of elasticity of demand? 5+5=10
b) The quantity demanded of a commodity falls by 5 units when price rises by Rs.1 per unit. Its price elasticity of demand is (-)1.5. Calculate the price before change, when in this price quantity demanded was 60 units.
4. a) What are the reasons of negative returns to a factor? 5+5=10
b) What are the reasons of increasing returns to a factor?
5. a) Calculate TFC, TVC, AC, AFC, AVC and MC from the following table, 5+5=10

Output(units)	0	1	2	3	4	5	6
TC(Rs)	70	90	110	121	126	140	160

b) Explain the relationship between TC, TFC and TVC.
6. a) What are the causes of emergence of monopoly market? 5+5=10
b) What is monopolistic market? Explain its features.
7. a) What are the different degrees of price discrimination? 5+5=10
b) How to determine supernormal profit or loss under perfectly competitive market? Explain.
8. a) Explain the role of Advertisement in modern business. 5+5=10
b) Explain the profit maximization condition with the help MC and MR approach.

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