

**MASTER OF BUSINESS ADMINISTRATION  
FIRST SEMESTER [SPECIAL REPEAT]  
MANAGERIAL ECONOMICS  
MBA – 107**

**SET  
A**

**[USE OMR SHEET FOR OBJECTIVE PART]**

Duration: 3 hrs.

Full Marks: 70

Time: 30 mins.

Marks: 20

**(Objective)**

*Choose the correct answer from the following:*

*1 × 20 = 20*

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

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**( 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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