

**MASTER OF BUSINESS ADMINISTRATION
FIRST SEMESTER
MANAGERIAL ECONOMICS
MBA – 107**

**SET
B**

[USE OMR SHEET FOR OBJECTIVE PART]

Duration: 3 hrs.

Full Marks: 70

Time: 30 mins.

Marks: 20

(Objective)

$1 \times 20 = 20$

Choose the correct answer from the following:

1. Accounting cost includes
 - a. Explicit cost
 - b. Implicit cost
 - c. Opportunity cost
 - d. Social cost
2. Opportunity cost represents
 - a. Historical cost
 - b. Next best alternative
 - c. Fixed cost
 - d. Variable cost
3. Average cost =
 - a. $TC \times Q$
 - b. TC / Q
 - c. $TC - Q$
 - d. Q/TC
4. Marginal cost intersects average cost at
 - a. Minimum point of AC
 - b. Maximum point
 - c. Upward slope
 - d. Downward slope
5. Total revenue =
 - a. $Price \div Quantity$
 - b. $Price \times Quantity$
 - c. $Price - Quantity$
 - d. None
6. In perfect competition, $AR = MR =$
 - a. Price
 - b. Cost
 - c. Profit
 - d. Supply
7. Price discrimination is possible under
 - a. Perfect competition
 - b. Monopoly
 - c. Monopsony
 - d. Oligopoly
8. Dumping means
 - a. Selling at high price abroad
 - b. Selling at low price abroad
 - c. Selling at low price domestically
 - d. None
9. Advertisement outlay means
 - a. Production cost
 - b. Cost spent on advertisement
 - c. Distribution cost
 - d. None

10. Informative advertising is mostly used for
a. New products
c. Luxury goods
b. Old products
d. Perishable goods
11. Managerial Economics primarily deals with
a. Normative analysis
c. Only macro analysis
b. Micro and Macro analysis
d. Only micro analysis
12. Demand forecasting is essential for
a. Pricing only
c. Managerial decision-making
b. Production only
d. None
13. Which factor does NOT determine elasticity of demand?
a. Nature of commodity
c. Cost of production
b. Time factor
d. Availability of substitutes
14. Supply curve generally slopes
a. Downward
c. Upward
b. Vertical
d. Horizontal
15. Microeconomics deals with
a. National Income
c. Individual units
b. Inflation
d. Aggregate demand
16. Supply of a commodity increases when
a. Production cost rises
c. Wages increase
b. Technology improves
d. None
17. Law of variable proportion applies in
a. Short run
c. Both
b. Long run
d. None
18. In the increasing returns stage, marginal product
a. Increases
c. Becomes zero
b. Falls
d. Becomes negative
19. Returns to scale relate to
a. One input increasing
c. Cost only
b. All inputs increasing
d. Revenue only
20. Economies of scale imply
a. Falling long-run costs
c. Constant cost
b. Rising long-run costs
d. None

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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 relationship between AC, AVC, AFC and MC with diagram. 10
2. a) Define demand. Explain any 4 factors that affect demand for a commodity. 5+5=10
b) Explain the causes behind law of demand.
3. a) Market demand for a good at a price of ₹ 10 per unit is 100 units. When its price changes, its market demand falls to 50 units. Find out the new price, if the price elasticity of demand is (-) 2. 5+5=10
b) Explain different factors affecting price elasticity of demand.
4. a) Explain the Law of variable proportion or returns to a factor. 5+5=10
b) Explain the causes of increasing returns to scale.
5. a) Explain the relationship between TC, TFC, and TVC with diagram. 5+5=10
b) Why AC curve is U-Shaped? Explain.
6. a) From the following data, determine the values of TFC, TVC, AC, AVC and AFC. 5+5=10

Output (units)	0	1	2	3	4	5	6
TC(₹)	400	550	660	790	940	1150	1460

- b) Calculate total variable cost and marginal cost at each given level of output from the following table:

Output (units)	0	1	2	3	4
Total Cost (₹)	50	80	108	136	166

7. a) What is perfectly competitive market? Explain its features. 5+5=10
b) What are the causes of emergence of monopoly market?
8. Explain the roles and importance of advertisement in the field of business management. 5+5=10

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