

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.

(Objective)

Marks: 20

Choose the correct answer from the following:

1×20=20

- When MP is zero, what can you say about TP?
 - TP is increasing
 - TP is maximum
 - TP is falling
 - None of the above
- Average product cannot be negative because:
 - Total product can never be zero.
 - Total product can never be negative.
 - Neither (a) nor (b)
 - Both (a) and (b)
- Identify two cost curves which start from the same point on the Y-axis.
 - TVC and TFC
 - TFC and AVC
 - TFC and TC
 - TFC and AFC
- Which of the following is true with respect to relationship between AC and MC?
 - When $MC > AC$, AC falls
 - AC curves intersects MC curve at minimum MC
 - MC curve intersects AC curve at minimum AC
 - $MC < AC$, AC rises
- If average revenue curve is a horizontal straight line, then marginal revenue curve will be:
 - Downward sloping
 - Horizontal straight line
 - Upward sloping
 - Inversely S-Shaped
- When MR remains same, TR increases at a
 - Constant rate
 - Decreasing rate
 - Increasing rate
 - None of these
- Producer's equilibrium refers to stage of that output level when:
 - Firms earn maximum profits
 - Firm bears minimum losses
 - Firm has no inclination to expand or contract the output.
 - All of these
- 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
- Identify the market which has indeterminate demand curve:
 - Monopoly
 - Monopolistic competition.
 - Perfect Competition
 - Oligopoly

10. Monopolistic competition constitutes:
- a. Single firm producing close substitutes
 - b. Many firm producing close substitutes
 - c. Many firms producing differentiated substitutes.
 - d. Few firms producing differentiated substitutes
11. The law of scarcity:
- a. Does not apply to rich, developed countries
 - b. Applies only to the less developed countries.
 - c. Implies that consumers want will be satisfied in a socialistic system.
 - d. Implies that consumers' wants will never be completely satisfied.
12. Opportunity cost is the:
- a. Number of units sacrificed
 - b. Number of units gained
 - c. Cost of next best alternative forgone
 - d. None of the above
13. Indifference curves are convex to the origin because of
- a. Increasing MRS
 - b. Diminishing MRS
 - c. Law of diminishing marginal utility
 - d. Law of Equi-marginal utility
14. Which of the following is an example of complementary goods?
- a. Tea and coffee
 - b. Coke and Pepsi
 - c. Rice and Wheat
 - d. None of these
15. A, B and C are three commodities, where A and B are complementary, whereas A and C are substitutes. With increase in price of commodity A:
- a. Demand of all the commodities A,B and C will fall
 - b. Demand of commodities A and B will fall, whereas demand of C will rise.
 - c. Demand of commodity A and C will fall, Whereas demand of B will rise.
 - d. Demand of commodities B and C will fall, whereas demand of A will rise.
16. Expansion in demand leads to:
- a. Rightward shift in demand curve
 - b. Downward movement along the demand curve
 - c. Upward movement along the demand curve.
 - d. None of the above
17. Which of the following is not an assumption of Law of demand?
- a. Price of the substitute goods do not change.
 - b. Income of the consumer remain same
 - c. There is no change in tastes and preferences of the consumers
 - d. Price of the given commodity does not change
18. Which of the following is a determinant of market demand?
- a. Income of the consumer
 - b. Seasons and weather
 - c. Price of related goods
 - d. All of the above
19. If there is no change in demand for a commodity X, even after rise in its price, then its demand is:
- a. Perfectly elastic
 - b. Perfectly inelastic
 - c. Less elastic
 - d. Highly elastic

20. Which of the following will have elastic demand?

- a. Match Box
- c. Medicine

- b. NCERT Textbooks
- d. Air Conditioner

(Descriptive)

Time : 2 Hr. 30 Mins.

Marks : 50

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

1. Explain Law of variable proportion with schedule and diagram. 10
2. a) Define demand. Explain any 4 factors that affect demand for a commodity. 5+5=10
b) Explain in brief, the various exceptions to law of demand.
3. a) Price of a commodity decreases from Rs10 to Rs 5 per unit. If the price elasticity of demand is 3 and the original quantity demanded is 40 units, calculate the new quantity demanded. 5+5=10
b) Explain 5 factors that influence elasticity of demand.
4. a) What is law of supply? What are its assumptions? 5+5=10
b) What are the causes of increasing returns to a factor?
5. a) Explain the relationship between TR, AR and MR with diagrams, when the price of the commodity is constant. 5+5=10
b) Elaborate the relationship between AC, AFC, AVC and MC with diagrams.
6. a) Compute TFC, TVC, AVC, AFC, AC and MC from the following information. 5+5=10

Output(units)	0	1	2	3	4	5	6
TC(Rs.)	40	80	110	126	128	135	180

b) Explain the ISO-quant curve with schedule and diagram.
7. a) Explain perfectly competitive market with all its characteristics. 5+5=10
b) How to determine equilibrium price and output in monopolistic market in short run and long run? Explain.
8. What do you mean by advertisement? How it influences over modern business management? Give examples. 2+3+5=10

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