

MASTER OF BUSINESS ADMINISTRATION
First Semester
MANAGERIAL ECONOMICS
(MBA - 103)

Duration: 3Hrs.

Full Marks: 70

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

(PART-B: Descriptive)

Duration: 2 hrs. 40 mins.

Marks: 50

Answer any four from Question no. 2 to 8
Question no. 1 is compulsory.

1. What is dumping? Explain how elasticity of demand is related to dumping. (3+7=10)
2. Define the term market. Explain the how equilibrium is determined in monopolistic market situation. (2+8+10)
3. Explain the concept of fixed and variable factor of production. Explain the law of variable proportion. (2+8=10)
4. What is transfer pricing? Explain its significance in an enterprise. (3+7=10)
5. Explain the term opportunity cost. Explain with a help diagram the derivation of long -run average cost curve. (2+8=10)
6. What is selling cost? Explain some of the methods of advertising outlays. (3+7=10)
7. What is price? Explain the competition oriented methods of pricing. (2+8=10)
8. The sales records of an industry reveal the following. (10)

Year	2000	2003	2006	2009	2012	2015
Sale (Rscrores)	30	40	45	50	48	57

Estimate the sales for the year 2018 and 2021, with the help of the normal equations,

$$\sum y = Na + \sum x$$

$$\sum xy = a \sum x + b \sum x^2$$

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Duration: 20 minutes

Marks – 20

(PART A - Objective Type)

I. Choose the correct answer:

1×20=20

1. The cost that changes with output is
 - a. Fixed cost
 - b. Marginal cost
 - c. Variable cost
 - d. Average cost
2. The long run average cost curve is related to
 - a. Decreasing return to scale
 - b. Increasing return to scale
 - c. Constant return to scale
 - d. All above
3. Dynamic-surplus theory of profit is propounded by
 - a. Schumpeter
 - b. Marshall
 - c. Clark
 - d. Knight
4. Which of the following are the limiting factors of profit?
 - a. Job security
 - b. Financial security
 - c. Reputation
 - d. All the above
5. Advertising as per its limit of cash resource is
 - a. Objective and task method
 - b. Competitive-parity approach
 - c. All you can afford approach
 - d. Return on Investment approach
6. Charging lower price for the popular product of the firm compared to other products of the same firm is called
 - a. Trade association pricing
 - b. Customary pricing
 - c. Loss leader
 - d. Programme pricing

7. Which of the following is related to the exceptional case of law of demand?
 - a. Diamond –water paradox
 - b. Giffen goods
 - c. Economic abnormalities
 - d. All the above
8. The upper segment of the kinked demand curve is
 - a. Inelastic
 - b. Highly elastic
 - c. Elasticity equal to unity
 - d. None of the above
9. For substitute goods the cross elasticity is
 - a. Negative
 - b. Positive
 - c. It can be both positive or negative depending on the market condition
 - d. It is neither positive nor negative
10. When more and more of a factor is substituted for the other the Marginal rate of substitution
 - a. Increased
 - b. Decrease
 - c. Diminishes
 - d. No change
11. In the third stage of law of variable proportion marginal product is
 - a. Positive
 - b. Equal to AP
 - c. Equal to TP
 - d. Negative
12. When the leader firm is considered to have a good knowledge about the prevailing market and have a better forecasting capacity is
 - a. Price leadership by cost
 - b. Price leadership by large profit
 - c. Barometric price leadership
 - d. Quota system of sharing the market
13. When the producer charges different price from different places for the same product it is
 - a. Personal price discrimination.
 - b. Local price discrimination.
 - c. Price discrimination on uses of the product.
 - d. It's not a case of price discrimination.
14. Producer charges higher price in the home market than the international market when the home market is
 - a. Perfect competition
 - b. Oligopoly
 - c. Monopoly
 - d. Monopolistic

15. $MC = MR$ is the
- Sufficient condition for equilibrium
 - Necessary condition for equilibrium
 - Is the only condition for equilibrium
 - Is not a condition for equilibrium
16. Equilibrium price is the price at which
- Quantity demanded exceeds quantity supplied
 - Quantity demanded equals quantity supplied
 - Quantity supplied exceeds quantity demanded
 - None of these
17. If total customer expenditure on a good falls as its price falls this indicate that
- $E_p < 1$
 - $E_p > 1$
 - $E_p = 1$
 - $E_p = \infty$
18. In which one of the following market situation are the firms mutually interdependent in pricing and output decisions?
- Oligopoly
 - Monopsony
 - Monopoly
 - Monopolistic
19. Which of the following is correct regarding long run average cost?
- It is least cost of producing each level of output
 - LAC curve is envelope of SAC curves
 - LAC is U- shape
 - All the above are correct
20. In the second stage of the law of variable proportion
- MP diminishes and AP increases
 - AP diminishes and MP increases
 - Both AP and MP diminishes
 - Both AP and MP increases
