MASTER OF HOSPITAL ADMINISTRATION
THIRD SEMESTER
MANAGERIAL ECONOMICS & OPERATION MANAGEMENT
MHA – 306
[USE OMR SHEET FOR OBJECTIVE PART]

SET A

Duration: 3 hrs.

Full Marks: 70

Objective

Time: 30 mins.

Marks: 20

Choose the correct answer from the following: *1 ×20=20*

1. In the context of demand, "quantity demanded" refers to:
   a. The total market demand for a good
   b. The government's demand for goods
   c. The quantity supplied by producers
   d. The amount of a good consumers want to buy at a given price

2. The law of demand states that, all else being equal, as the price of a good increases:
   a. Quantity demanded decreases
   b. Quantity supplied increases
   c. Quantity demanded increases
   d. Quantity supplied decreases

3. If the price elasticity of demand for a good is greater than 1, it is considered:
   a. Elastic
   b. Inelastic
   c. Unitary elastic
   d. Perfectly elastic

4. The production function represents the relationship between:
   a. Marginal utility and total utility
   b. Output and the combination of inputs
   c. Total cost and revenue
   d. Demand and supply

5. Which of the following is NOT a factor of production in a production function?
   a. Capital
   b. Land
   c. Money
   d. Labour

6. The marginal rate of technical substitution (MRTS) measures:
   a. The rate at which the production function changes
   b. The rate at which a consumer is willing to substitute goods
   c. The rate at which inputs can be substituted while keeping output constant
   d. The rate at which a firm can change its product mix

7. The Law of Variable Proportion explains the relationship between inputs and output in the:
   a. Monopoly market
   b. Perfect competition market
   c. Long run
   d. Short run

8. Constant returns to scale occur when:
   a. There is no relationship between inputs and outputs
   b. Output decreases as inputs increase
   c. Output increases at a decreasing rate
   d. Output increases proportionally to input increases

9. The location decision for a new facility is influenced by factors such as:
   a. Easy access to transportation
   b. Proximity to competitors
   c. Government regulations
   d. Low labour costs

10. A "process layout" is also known as a:
    a. Assembly line layout
    b. Cellular layout
    c. Product layout
    d. Functional layout

11. Which of the following layout types is most suitable for a hospital's emergency department?
    a. Cellular Layout
    b. Fixed Position Layout
    c. Process Layout
    d. Product Layout

12. What is inventory management primarily concerned with?
    a. Reducing customer demand
    b. Maximizing sales revenue
    c. Increasing production capacity
    d. Balancing the costs of holding and ordering inventory

13. Which of the following is NOT a common type of inventory?
    a. Finished goods
    b. Employee salaries
    c. Work-in-progress
    d. Raw materials

14. In inventory management, what is the "carrying cost"?
    a. The purchase cost of inventory
    b. The cost of selling inventory
    c. The cost of ordering inventory
    d. The cost of holding or storing inventory

15. The Economic Order Quantity (EOQ) model is used to determine:
    a. The order quantity that minimizes the total inventory cost
    b. The reorder point for inventory replenishment
    c. The maximum level of inventory a company should maintain
    d. The production schedule for a manufacturing facility

16. The EOQ formula includes which of the following variables?
    a. Lead time and reorder point
    b. Ordering cost and holding cost
    c. Carrying cost and safety stock
    d. Demand and purchase cost

17. The lead time in the reorder point calculation refers to:
    a. The time between placing an order and receiving it
    b. The time it takes to process an order
    c. The time it takes to count inventory
    d. The time it takes for an item to be sold

18. An isoquant curve represents different combinations of:
    a. Fixed Input
    b. Input Price
    c. Variable Input
    d. Output Quantities

19. Managerial economics is primarily concerned with:
    a. Analyzing global economic trends
    b. Formulating government policies
    c. Developing new products
    d. Solving microeconomic issues within a firm

20. What is the primary focus of managerial economics?
    a. Maximizing profits
    b. Promoting social welfare
    c. Studying consumer behavior
    d. Analyzing market structures

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(Descriptive)

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

1. What do you mean by managerial economics? Explain the nature of managerial economics. How managerial economics plays a significant role in business?   2+4+4=10

2. Define demand with the help of graph. Discuss, in detail, the various factors that influence demand in a market.   3+7=10

3. Examine the concept of elasticity of demand. What is the formula to calculate the price elasticity of demand? Discuss the different types of price elasticity of demand with graphs.   2+1+7=10

4. Explain the concept of a production function, outlining its components and how it relates inputs to outputs in the production process. Examine the concept of return to scale in production explaining its different types.   5+5=10

5. Explore the Law of Variable Proportion, detailing the three stages of production and the implications for input combinations and output levels. Also interpret the graph explaining each stage.   10

6. Define and discuss the principles of inventory management, emphasizing the role of inventory in the supply chain. Critically analyze the importance of effective inventory management for businesses. Illustrate how poor inventory management practices can negatively impact a company's performance.   3+4+3=10

7. What are the different types of facility layout? (explain with examples). Explore the various aspects of layout design within a hospital, including the arrangement of patient rooms, medical departments, and administrative offices.   5+5=10

8. a) When the price of a good rises from Rs.10 per unit to Rs.12 per unit, its quantity demanded falls by 20 per cent. Calculate its price elasticity of demand. How much would be the percentage change in its quantity demanded, if the price rises from Rs.10 per unit to Rs.13 per unit?   5+5=10

   b) Market demand for springs is 8,00,000 per annum. A company purchases these springs in lots and sells them. The cost of making a purchase order is Rs. 1,200. The cost of storage of springs is Rs. 120 per stored piece per annum. Calculate economic order quantity.

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