



BRAINWARE UNIVERSITY

Term End Examination 2021 - 22

Programme – Bachelor of Business Administration

Course Name – Managerial Economics

Course Code - BBAC201

(Semester II)

Time allotted : 1 Hrs.15 Min.

Full Marks : 60

[The figure in the margin indicates full marks.]

Group-A

(Multiple Choice Type Question)

1 x 60=60

Choose the correct alternative from the following :

- (1) Business Economics is also known as

| | |
|---|-----------------------------|
| a) Managerial Economics | b) Economics for Executives |
| c) Economic analysis for business decisions | d) All of the these |
- (2) Which of the following is not a non-price determinant of demand?

| | |
|-------------------------|------------------------|
| a) Tastes & preferences | b) Income |
| c) Technology | d) Future expectations |
- (3) What is an economic problem every nation has?

| | |
|---|--------------------------|
| a) The problem of meeting every one's needs | b) Not enough population |
| c) Too much population | d) Not enough resources |
- (4) Variable costs are

| | |
|---|---|
| a) Sunk costs | b) Multiplied by fixed costs |
| c) Costs that change with the level of production | d) Defined as the change in total cost resulting from the production of an additional unit of output. |
- (5) Managerial Economics is

| | |
|---------------------------------|-----------------------------|
| a) Dealing only micro aspects | b) Only a normative science |
| c) Deals with practical aspects | d) All of these |
- (6) The techniques of optimization include

| | |
|-----------------------|-----------------|
| a) Marginal analysis | b) Calculus |
| c) Linear programming | d) All of these |
- (7) In economics, desire backed by purchasing power is known as

- a) Utility
c) Consumption
- b) Demand
d) Scarcity
- (8) Basic assumptions of law of demand include
- a) Prices of other goods should change
c) The commodity should not confer any distinction
- b) There should be substitute for the commodity
d) The demand for the commodity should not be continuous
- (9) Higher the price of certain luxurious articles, higher will be the demand, this concept is called
- a) Giffen effects
c) Demonstration effects
- b) Veblen effects
d) None of these
- (10) In the case of perfect elasticity, the demand curve is
- a) Vertical
c) Flat
- b) Horizontal
d) Steep
- (11) Perfect competition is characterized by
- a) large number of buyers and sellers
c) free entry and exit of firms
- b) homogeneous product
d) All of these
- (12) The distinction between variable cost and fixed cost is relevant only in
- a) long period
c) medium term
- b) short period
d) mixed period
- (13) Purposes of Short term Demand forecasting doesn't includes;
- a) Making a suitable production policy.
c) Deciding suitable price policy
- b) To reduce the cost of purchasing raw materials and to control inventory.
d) Planning of a new unit or expansion of existing unit
- (14) The proportionate change in the quantity demanded of a commodity in response to change in the price of another related commodity is called
- a) Price elasticity
c) Cross elasticity
- b) Related elasticity
d) Income elasticity
- (15) Which one is the method for measurement of elasticity
- a) Proportional or Percentage Method
c) Geometric method
- b) Outlay Method
d) All of these
- (16) _____ Method is also known as Sales-Force – Composite method or collective opinion method
- a) Opinion survey
c) Delphi method
- b) Expert opinion
d) Consumer interview method
- (17) The function of combining the other factors of production is done by
- a) land
c) Capital
- b) labour
d) Entrepreneurship
- (18) _____ means the total receipts from sales divided by the number of unit sold.
- a) Average revenue
c) Marginal revenue
- b) Total revenue
d) Incremental revenue
- (19) $E_p=0$ in the case of _____ elasticity

- a) Perfectly elastic demand
 c) Relative elastic demand
- b) Perfectly inelastic demand
 d) Unitary elastic demand
- (20) Law of demand shows the functional relationship between _____ and quantity demanded
- a) Supply
 c) Price
- b) Cost
 d) Requirements
- (21) When the change in demand is exactly equal to the change in price, it is called
- a) Perfectly elastic demand
 c) Relative elastic demand
- b) Perfectly inelastic demand
 d) Unitary elastic demand
- (22) Tea and coffee are
- a) Complimentary goods
 c) Supplementary goods
- b) Substitute goods
 d) Reserve goods
- (23) The market with a single producer"
- a) perfect competition
 c) oligopoly
- b) monopolistic competition
 d) monopoly
- (24) The short run production function exhibits
- a) Economies of scale
 c) Diminishing marginal utility
- b) Law of variable proportion
 d) None of these
- (25) Which are the characteristics of monopoly?
- a) Single seller or producer
 c) Inelastic demand curve
- b) No close substitutes
 d) All of these
- (26) Whenever _____ is greater than average total cost, average total cost is rising.
- a) Marginal cost
 c) Fixed cost
- b) Variable cost
 d) Full cost
- (27) The relationship between price and quantity demanded is
- a) Direct
 c) Linear
- b) Inverse
 d) Non-linear
- (28) _____ shows the change in quantity demanded as a result of a change in consumers' income
- a) Price elasticity
 c) Income elasticity
- b) Cross elasticity
 d) None of these
- (29) The firm charges price in tune with the industry's price is called
- a) competitive pricing
 c) tune pricing
- b) going rate pricing
 d) target pricing
- (30) The marginal revenue equation can be derived from the:
- a) Demand equation
 c) Cost equation
- b) Supply equation
 d) Price equation
- (31) Functional relationship between input and output known as
- a) Conversion
 c) Work in progress
- b) Production function
 d) Output function
- (32) In economics _____ means 'a state of rest 'or 'stability'

- a) Depression
c) Maturity
- b) Equilibrium
d) growth
- (33) Selling cost is the feature of the market form
a) monopoly
c) oligopoly
- b) monopolistic competition
d) none of these
- (34) If the commodities are substitute in nature, cross elasticity will be
a) Negative
c) Zero
- b) Positive
d) none of these
- (35) For the commodities like salt, sugar etc., the income elasticity will be
a) Zero
c) Positive
- b) Negative
d) Unitary
- (36) When a small change in price leads to infinite change in quantity demanded, it is called
a) Perfectly elastic demand
c) Relative elastic demand
- b) Perfectly inelastic demand
d) Relative inelastic demand
- (37) An increase in income may lead to an increase in the quantity demanded, it is
a) Positive income elasticity
c) Negative income elasticity
- b) Zero income elasticity
d) Unitary income elasticity
- (38) Total Revenue will be maximum at the point where Marginal Revenue is
a) One
c) <1
- b) Zero
d) >1
- (39) Under oligopoly a single seller cannot influence significantly
a) market price
c) advertisement cost
- b) quantity supplied
d) All of these
- (40) Average cost pricing is also called as
a) cost plus pricing
c) margin pricing
- b) marginal cost pricing
d) both a & c
- (41) Opportunity Cost means
a) The accounting cost minus the marginal benefit
c) The monetary costs of an activity.
- b) The highest-valued alternative forgone.
d) The accounting cost minus the marginal cost.
- (42) The numerical of co-efficient of perfectly inelastic demand $e_d =$
a) <1
c) >1
- b) $=0$
d) $=1$
- (43) Factors of production are
a) Inputs and outputs
c) Inputs only
- b) Outputs only
d) The minimum set of inputs that can produce a certain fixed quantity of output
- (44) Which of the following curve is not U-shaped?
a) AFC curve
c) MC curve
- b) AVC curve
d) AC curve
- (45) Oligopoly means

- a) One seller many buyer
c) Few seller many buyers
- b) Few seller few buyer
d) Two seller many buyers
- (46) Marginal Cost is the cost
- a) Of an activity that exceeds its benefit
c) That your activity imposes on someone else
- b) That arises from an increase in an activity.
d) That arises from the secondary effect of an activity
- (47) The relationship between price and demand is
- a) Direct
c) Proportionate
- b) Inverse
d) Positive
- (48) Diminishing Marginal Utility means
- a) Total utility increases at constant rate
c) Total utility rises first then falls
- b) Total utility decreases
d) Total utility rises at a diminishing rate
- (49) If there is excess demand in the market
- a) price remains constant
c) price falls
- b) price rises
d) none of these
- (50) Monopoly is a market characterized by
- a) single seller
c) large number of buyer and seller
- b) single buyer
d) All of these
- (51) Microeconomics is not concerned with the behavior of:
- a) Aggregate demand
c) Industries
- b) Consumers
d) Firms
- (52) Which of the following will NOT cause a shift in the demand curve for compact discs?
- a) A change in the price of pre-recorded cassette tapes
c) A change in the price of compact discs.
- b) A change in income
d) A change in wealth.
- (53) In the short run, when the output of a firm increases, its average fixed cost
- a) Remains constant
c) increases
- b) decreases
d) None of these
- (54) In the long run, all factors of production are
- a) variable
c) materials
- b) fixed
d) rented
- (55) The quantity demanded is
- a) the amount of a good that consumers plan to purchase at a particular price.
c) independent of consumers' buying plans.
- b) independent of the price of the good.
d) always equal to the equilibrium quantity.
- (56) The cost of one thing in terms of the alternative given up is called
- a) Real Cost
c) Sunk Cost
- b) Physical Cost
d) Opportunity Cost
- (57) Which of the following is a characteristic of a perfectly competitive market?
- a) Firms are price setters
c) Firms can exit and enter the market freely
- b) There are few sellers in the market.
d) All of these
- (58) Indifference curves are convex to the origin because

- a) Two goods are perfect substitutes
- b) Two goods are imperfect substitutes
- c) Two goods are perfect complementary goods
- d) None of these

(59) What is the shape of the total fixed cost (TFC) curve?

- a) Rectangular hyperbola
- b) Horizontal
- c) Vertical
- d) None of these

(60) One reason that a firm may experience decreasing returns to scale is that greater levels of output can result in

- a) a greater division of labor.
- b) an increase in meetings and paperwork.
- c) smaller inventories per unit of output.
- d) All of these