



## BRAINWARE UNIVERSITY

Term End Examination 2024-2025

Programme – M.Com.(BFA)-2024

Course Name – Managerial Economics

Course Code - MBF10105

( Semester I )

Library

Brainware University  
398, Ramkrishnapur Road, Barasat  
Kolkata, West Bengal-700125

Full Marks : 60

Time : 2:30 Hours

[The figure in the margin indicates full marks. Candidates are required to give their answers in their own words as far as practicable.]

### Group-A

(Multiple Choice Type Question)

1 x 15=15

1. Choose the correct alternative from the following :

- (i) Observe Law of Variable Proportions is also known as the:
  - a) Law of Diminishing Returns
  - b) Law of Increasing Returns
  - c) Law of Constant Returns
  - d) Law of Marginal Utility
- (ii) Represent Marginal Rate of Technical Substitution (MRTS) measures:
  - a) The rate at which total cost increases with an increase in output.
  - b) The rate at which output increases with an increase in input.
  - c) The rate at which one input can be substituted for another while keeping output constant.
  - d) The rate at which one input becomes technologically obsolete.
- (iii) Select which of the following is a factor of production
  - a) Money
  - b) Demand
  - c) Land
  - d) Inflation
- (iv) State the primary goal of a profit-maximizing firm
  - a) Increase market share
  - b) Maximize revenue
  - c) Minimize costs
  - d) Maximize profit
- (v) Infer which sector of the circular flow is affected when households save a portion of their income
  - a) Business sector
  - b) Government sector
  - c) Financial sector
  - d) Foreign sector
- (vi) Name the fundamental economic problem
  - a) Scarcity of resources
  - b) High inflation rates
  - c) Excessive government intervention
  - d) Overproduction of goods
- (vii) State the meaning of the term "circular flow" in the circular flow of income model
  - a) A one-way flow of money from households to businesses
  - b) The continuous movement of money and resources through the economy

- c) A static, non-changing economic system      d) A circular trade agreement among countries
- (viii) Determine the factor that primarily deals with allocation of resources
- a) Government regulations      b) Central planners
- c) Consumer demand and supply      d) Labor unions
- (ix) Select the source of scarcity
- a) Human wants and needs are unlimited, but resources are limited.      b) Human wants and needs are limited, but resources are unlimited.
- c) Both human wants and needs and resources are unlimited.      d) Both human wants and needs and resources are limited.
- (x) Choose which of the following factors does not typically affect demand
- a) Income of consumers      b) Price of related goods
- c) Consumer preferences      d) Production costs of the goods
- (xi) If the price of smartphones increases, while the demand for smartphone cases also increases, infer the kind of goods smartphones and smartphone cases are
- a) Complementary goods      b) Substitute goods
- c) Luxury goods      d) Inferior goods
- (xii) If the price of a product increases by 10 percent, and the quantity demanded decreases by 15 percent, calculate the price elasticity of demand for that product.
- a) 0.67      b) 1.5
- c) 2.5      d) 10
- (xiii) Select the good that will have high demand when distribution of income in a country is uneven.
- a) Normal goods      b) Luxury goods
- c) Necessities      d) None of the above
- (xiv) Determine the change in demand due to a change in the real income resulting from a change in price of a commodity
- a) Income effect      b) Substitution effect
- c) Price effect      d) None of the above
- (xv) Select the income elasticity of demand, if the good is inferior
- a) the income elasticity of demand will be negative.      b) the income elasticity of demand will be zero.
- c) the income elasticity of demand will be positive.      d) a decrease in income will cause demand to decrease.

#### Group-B

(Short Answer Type Questions)

3 x 5=15

2. Explain the Law of variable proportion
3. Classify any three the factors of Production
4. Explain the two degree of price discrimination
5. Illustrate the one major issue in Macroeconomics
6. Order the methods of measurement of national income

OR

Distinguish between Final goods and intermediate goods

(3)  
(3)  
(3)  
(3)  
(3)

#### Group-C

(Long Answer Type Questions)

5 x 6=30

7. Analyze various the determinants of demand
8. Discuss the importance of elasticity of demand for managerial decision making

(5)  
(5)

9. Price elasticity of demand is (-1). The consumer buys 50 units at price Rs 2 per unit. How many units will he buy if price rises to Rs 4 per unit? Calculate no of units using expenditure method. (5)
10. Diagrammatically describe the Law of Returns to Scale. (5)
11. Explain the implications of the following features of perfect competition: i) Homogenous product ii) Firm is a price taker (5)
12. Justify why long run average cost curve is called a planning curve (5)

OR

Summarize the nature and scope of macro economics in taking managerial decisions (5)

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