BRAINWARE UNIVERSITY

Term End Examination 2024-2025
Programme – MBA-2024
Course Name – Managerial Economics
Course Code - MBA10101
(Semester I)

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)   State the basis of decision making process in managerial economics.

   a) Irrelevant to the overall goals of a firm   b) Focused on short-term gains only

   c) Based on both economic and non-economic factors   d) Solely based on economic theories

(ii) Select which of the following statements best represents positive economics.

   a) The minimum wage should be increased to reduce poverty. .

   b) Unemployment rates are typically higher during economic recessions.

   c) Healthcare should be a fundamental right for all citizens

   d) The government should provide subsidies to the agricultural sector.

(iii) Name the primary goal of a firm or organization.

   a) Maximizing social welfare   b) Maximizing profit

   c) Minimizing competition   d) Maximizing employee satisfaction

(iv) Identify the shape of demand curve in case of unitary elastic demand.

   a) Vertical line   b) Horizontal line

   c) Rectangular hyperbola   d) Steep

(v)   Determine 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.

(vi) Name the demand for good that has multiple uses.

   a) Derived demand   b) Joint demand

   c) Composite demand   d) All of these

(vii) If the price elasticity of demand is -0.5, demand is considered _____.

   a) Elastic   b) Inelastic

c) Unitary elastic	d) Perfectly elastic

(viii) A business anticipates that a 10 percent decrease in the price of its product will lead to a 15 percent increase in quantity demanded, predict the action that the business should take to maximize revenue.

a) Increase the price	b) Decrease the price
c) Keep the price unchanged	d) Reduce production

(ix) Choose the correct option: In the sales force opinion method, sales representatives are typically asked to provide forecasts for _____.

a) The next 5 years	b) The current fiscal quarter
c) The upcoming year	d) The past sales performance

(x) Record the relationship between long-run costs and economies of scale.

a) Long-run costs increase	b) Long-run costs stay constant
c) Long-run costs decrease	d) No effect on costs

(xi) Record what causes the marginal cost to decrease initially in the short run.

a) Economies of scale	b) Law of Increasing Returns
c) Specialization of labor	d) Diseconomies of scale

(xii) Identify the phase of the Law of Variable Proportions where output starts increasing at a diminishing rate.

a) Phase I: Increasing Returns	b) Phase II: Diminishing Returns
c) Phase III: Negative Returns	d) Phase IV: Constant Returns

(xiii) Represent the feature of monopolistic competition.

a) Homogeneous products	b) No competition
c) Product differentiation	d) Perfectly elastic demand curve

(xiv) Calculate the average cost if total cost is Rs.2,000 and output is 100 units.

a) Rs.10	b) Rs.20
c) Rs.15	d) Rs.25

(xv) Select the phase of the business cycle where production costs typically rise.

a) Recession	b) Expansion
c) Depression	d) Trough

Group-B
(Short Answer Type Questions)	3 x 5=15

2. Compare final goods and intermediate goods.	(3)
3. State the meaning of firm and explain its nature.	(3)
4. Price elasticity of demand for a good is -0.75. Calculate the percentage fall in its price that will result in a 15 per cent rise in its demand.	(3)
5. Summarize the concept of oligopoly and provide an example of this market structure.	(3)
6. Infer the relationship between AC and MC.	(3)

OR

Analyze how prisoner's dilemma can improve decision making process.	(3)

Group-C
(Long Answer Type Questions)	5 x 6=30

7. Describe the scope of managerial economics.	(5)
8. A coffee shop raises the price of coffee from ₹30 to ₹36. The quantity demanded falls from 200 cups to 180 cups. Calculate the price elasticity of demand and interpret the result.	(5)
9. Illustrate the Law of Variable Proprtion with the help of a suitable diagram.	(5)
10. Classify the different methods of estimating national income.	(5)
11. Illustrate how equilibrium exchange rate can be determined in a foreign exchange market.	(5)
12. Differentiate between Gross Domestic Product (GDP) and Gross National Product (GNP).	(5)

OR

Classify the components of balance of payment. (5)

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