



BRAINWARE UNIVERSITY
Term End Examination 2020 - 21
Programme – Master of Business Administration
Course Name – Managerial (Micro) Economics
Course Code - MBA101

Semester / Year - Semester I

Time allotted : 75 Minutes

Full Marks : 60

[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 60=60

1. *(Answer any Sixty)*

(i) In Economics which of the following would not be treated as capital?

- | | |
|----------|----------|
| a) Road | b) Canal |
| c) River | d) Dam |

(ii) Which of the following is an entrepreneurial function?

- | | |
|------------------------------------|--|
| a) Deciding to start an enterprise | b) arranging the factors of production |
| c) bearing the risk | d) all these |

(iii) Ceteris paribus means

- | | |
|-----------------------|------------------|
| a) all other constant | b) fluctuating |
| c) all variable | d) None of these |

(iv) Which of the following may not be classified as internal economies of scale?

- | | |
|------------------------|----------------------------|
| a) Labour Economies | b) Tax Economies |
| c) Marketing Economies | d) Technological Economies |

(v) Textile units in Ahmedabad, Leather units in Agra, software in Noida. The units in this places are said to be enjoying

- | | |
|-----------------------------|-------------------------------|
| a) Economies of Large Scale | b) Economies of Concentration |
|-----------------------------|-------------------------------|

c) Economies of R and D

d) Economies of division of labour

(vi) If the price of a product is expected to increase in future then its

a) present demand will decrease

b) present demand will increase

c) present demand will be constant

d) present demand will be fluctuating

(vii) How many types (degree) of elasticity of supply are there?

a) Perfectly inelastic supply

b) Inelastic supply

c) Unitary elastic supply

d) All these

(viii) An example of a monopolistically competitive market is

a) fish market

b) fruit market

c) automobile

d) restaurant

(ix) The shape of the total product curve is

a) convexo concave

b) linear

c) concave

d) none of these

(x) If there is excess supply then

a) price rises

b) price constant

c) price falls

d) none of these

(xi) Tea and Coffee are

a) Complements

b) Perfect Substitutes

c) inferior goods

d) Luxury goods

(xii) Who is First Nobel Prize winner in Economics?

a) John Nash

b) Ragnar Frisch

c) A C Pigou

d) David Cameron

(xiii) Who amongst the following is not regarded as a neoclassical economist?

- a) J.S.Mill
- b) A.Marshall
- c) A.C Pigou
- d) EdwinCannan

(xiv) In order to explain economic principles,the example of Robinson Crusoe was often given by

- a) Lionel Robbins
- b) P.A.Samuelson
- c) J.R.Hicks
- d) A.C.Pigou

(xv) The concept of ‘wantlessness’ was given by which economist?

- a) Kautilya
- b) J.K. Mehta
- c) Gunnar Myrdal
- d) Manmohan Singh

(xvi) The terms microeconomics and macroeconomics were first used by

- a) J.M.Keynes
- b) J.R.Hicks
- c) Ragner Frisch
- d) P.A.Samuelson

(xvii) Which of the following is a macroeconomic issue?

- a) laws of production
- b) laws of utility
- c) market price determination
- d) inflation

(xviii) According to the cardinal concept , the utility is

- a) objective
- b) measurable
- c) subjective
- d) both objective and measurable

(xix) When total utility ismaximum,the marginal utility is

- a) positive
- b) zero
- c) negative
- d) either of these

(xx) If a product is available free, the consumer’s equilibrium is obtained where

- a) total utility= marginal utility
- c) average utility=marginal utility

- b) total utility =average utility
- d) marginal utility =zero

(xxi) Consumer's surplus is equal to

- a) total utility minus total payment
- c) average utility minus average price

- b) marginal utility minus price paid
- d) both total utility minus total payment and marginal utility minus price paid

(xxii) Indifference curves are downward sloping because

- a) if the quantity of one commodity increases, the quantity of the other decreases

- b) the sum total of the two commodities is equal

- c) the expenditure on the two commodities is equal
- d) all of these

(xxiii) If an indifference curve is concave to the origin it shows

- a) IRS
- c) increasing MRS

- b) constant utility
- d) none of these

(xxiv) The L shaped indifference curve is obtained for

- a) products are closely related
- c) products are perfect compliments

- b) products are perfect substitute
- d) none of these

(xxv) Substitution effect is equal to

- a) PE+ IE
- c) PE+SE

- b) PE-IE
- d) none of these

(xxvi) While drawing an isoquant we generally take

- a) labour and capital
- c) profit and loss

- b) labour and land
- d) rate of interest

(xxvii) The determinants of demand

- a) Price of the commodity
- b) Price of related goods
- c) Money income
- d) all these

(xxviii) Total Revenue is

- a) PC
- b) SQ
- c) PQ
- d) $MC.Q$

(xxix) If the short run Production function is given by $Q = -4L^3 + 5L^2 + 10L$ then MPL is

- a) $-12L^2 + 10L + 10$
- b) $-4L^3 + 5L^2$
- c) $70L + 360$
- d) $45L^2 + 10L$

(xxx) $Q = 5000 - 50P$ then find the price for selling 2500 copies

- a) 45
- b) 60
- c) 50
- d) 56

(xxxii) The equation of budget line $M = xP_x + yP_y$ here P_y is the

- a) Price of commodity X (P_x)
- b) Money Income M
- c) Price of Commodity Y (P_y)
- d) All these

(xxxiii) These curves are derived from income-consumption curves

- a) MR curve
- b) Engel's curve
- c) TR curve
- d) MC curve

(xxxiiii) A necessity has no substitute the demand for the product is

- a) very inelastic
- b) very elastic
- c) unitary elastic
- d) perfectly elastic

(xxxv) In case an increase in quantity demanded will be called an increase in demand if

- a) there is decrease in price
- b) increase in income
- c) increase in consumer preference
- d) both increase in income and increase in consumer preference

(xxxv) If idlies and dhosas are substitute then increase in the price of idlies will lead to

- a) Decrease in the demand of dhosas
- b) Decrease in the demand of both
- c) increase in demand for dhosas
- d) increase in demand for both

(xxxvi) If the demand curve is a downward sloping straight line . its elasticity at different prices can be

- a) 1
- b) > 1
- c) < 1
- d) either of these

(xxxvii) The market demand curve is $500-200P$ and the market supply curve is $-200+150P$, then the market price is

- a) 2
- b) 145
- c) 200
- d) 150

(xxxviii) If $M=xP_x +yP_y$ and $M=200$ $P_x=20$ $x=5$ $P_x=25$ then $y=?$

- a) 5
- b) 4
- c) 8
- d) 6

(xxxix) The points located at the intersection of the budget line with the coordinate axes mean

- a) the consumer does not spend all his income;
- b) the consumer spends all his income for only one good;
- c) the consumer spends absolutely nothing
- d) these are points impossible to reach by the consumer

(xl) In the equation of the budget line $M=xP_x+yP_y$ M is the

- a) Money Income of the consumer
- b) Price of commodity y

c) Price of commodity x

d) None of these

(xli) The effect is the increase in the quantity bought as the price of the commodity falls, after adjusting income so as to keep the real purchasing power of the consumer the same before

a) SE Effect

b) IE Effect

c) Price Effect

d) All these

(xlii) A change in the price of a good will bring about a change in the real income (purchasing power) of the consumer, which in turn brings about a change in the quantity demanded of the good.

a) SE Effect

b) IE Effect

c) Price Effect

d) All these

(xliii) As the consumer consumes more of a commodity, the utility of every additional unit(MU) consumed diminishes. This is

a) Law of diminishing marginal utility

b) Equi- marginal utility

c) Indifference curve theory

d) Revealed preference theory.

(xliv) The net benefit or gain which a consumer enjoys by consuming one market basket instead of another is known as

a) Consumers Surplus

b) Producers Surplus

c) Equity

d) Dividend

(xlv) The indifference curve theory is based on these assumptions:

a) Rationality

b) Ordinality

c) Diminishing Marginal Rate of Substitution

d) All these

(xlvi) Calculate the average fixed cost (MC), for a level of production $Q = 20$, knowing that the total cost function is: $TC = 200 + 3Q + 2Q^2$.

a) 23

b) 83

c) 35

d) 89

(xlvi) Total cost (TC) is equal to

a) $TFC + TVC$

b) $MC + AC$

c) $TFC + MC$

d) $TFC + AC$

(xlviii) The average cost of producing 10 units is Rs 30, while the average cost of producing 20 units is Rs 20. Find the average cost of producing 30 units

a) Rs 25

b) Rs 16.67

c) Rs 12.5

d) Rs 10

(xlix) Short-Run Equilibrium in Monopoly

a) $MR = MC$; and

b) MC curve cuts MR curve from below).

c) Slope of $MR <$ Slope of MC

d) All these

(l) The rate of change of total revenue with respect to output

a) MR

b) VC

c) MC

d) AFC

(li) The shape of the AFC curve is

a) rectangular hyperbola

b) parabolic

c) elliptical

d) square

(lii) Stackelberg's duopoly model is an example of

a) Non- Collusive Oligopoly

b) Price Leadership

c) Output Leadership

d) Cartel

(liii) Non price competition in monopoly or oligopoly market implies

a) quality

b) packaging

c) advertisement

d) all of these

(liv) Monopoly market can be created by

- a) copyright
- b) patent
- c) licensing
- d) all of these

(lv) Shut down point is reached in perfect competition when

- a) $AC=AR$
- b) $AC=MC$
- c) $AVC=P$
- d) $MC=P$

(lvi) Under Oligopoly the price rigidity is a result of

- a) Product differentiation
- b) Interdependence amongst the firms
- c) Kinked demand curve
- d) Cartel between the firms

(lvii) The discontinuity of the MR function is a characteristic of

- a) Cournot model
- b) Stackleberg,s Model
- c) Chamberline model
- d) Sweezy Model

(lviii) In real life the most popular form of pricing is

- a) Marginal Cast Pricing
- b) Limit pricing
- c) Discriminatory Pricing
- d) Cost Plus pricing

(lix) In monopolistic competition equilibrium of firms is obtained when

- a) $MC=AR$
- b) $MR=MC$
- c) $AC=AR$
- d) $MC=AC$

(lx) In monopolistic competition real product differentiation may be done

- a) change in size
- b) change in advertising
- c) change in brand name
- d) change in packaging