



Brainware University
Baramulla, Kerala - 700125

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 | b) Demand |
| c) Consumption | d) Scarcity |

(8) Basic assumptions of law of demand include

- a) Prices of other goods should change
 b) There should be substitute for the commodity
 c) The commodity should not confer any distinction
 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
 b) Veblen effects
 c) Demonstration effects
 d) None of these
- (10) In the case of perfect elasticity, the demand curve is
 a) Vertical
 b) Horizontal
 c) Flat
 d) Steep
- (11) Perfect competition is characterized by
 a) large number of buyers and sellers
 b) homogeneous product
 c) free entry and exit of firms
 d) All of these
- (12) The distinction between variable cost and fixed cost is relevant only in
 a) long period
 b) short period
 c) medium term
 d) mixed period
- (13) Purposes of Short term Demand forecasting doesn't includes;
 a) Making a suitable production policy.
 b) To reduce the cost of purchasing raw materials and to control inventory.
 c) Deciding suitable price policy
 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
 b) Related elasticity
 c) Cross elasticity
 d) Income elasticity
- (15) Which one is the method for measurement of elasticity
 a) Proportional or Percentage Method
 b) Outlay Method
 c) Geometric method
 d) All of these
- (16) _____ Method is also known as Sales-Force – Composite method or collective opinion method
 a) Opinion survey
 b) Expert opinion
 c) Delphi method
 d) Consumer interview method
- (17) The function of combining the other factors of production is done by
 a) land
 b) labour
 c) Capital
 d) Entrepreneurship
- (18) _____ means the total receipts from sales divided by the number of unit sold.
 a) Average revenue
 b) Total revenue
 c) Marginal revenue
 d) Incremental revenue
- (19) $E_p=0$ in the case of _____ elasticity
 a) Perfectly elastic demand
 b) Perfectly inelastic demand
 c) Relative elastic demand
 d) Unitary elastic demand
- (20) Law of demand shows the functional relationship between _____ and quantity demanded
 a) Supply
 b) Cost
 c) Price
 d) Requirements

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

- a) Zero
c) Positive
- (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
- (37) An increase in income may lead to an increase in the quantity demanded, it is
a) Positive income elasticity
c) Negative income elasticity
- (38) Total Revenue will be maximum at the point where Marginal Revenue is
a) One
c) <1
- (39) Under oligopoly a single seller cannot influence significantly
a) market price
c) advertisement cost
- (40) Average cost pricing is also called as
a) cost plus pricing
c) margin pricing
- (41) Opportunity Cost means
a) The accounting cost minus the marginal benefit
c) The monetary costs of an activity.
- (42) The numerical of co-efficient of perfectly inelastic demand $ed=$
a) <1
c) >1
- (43) Factors of production are
a) Inputs and outputs
c) Inputs only
- (44) Which of the following curve is not U-shaped?
a) AFC curve
c) MC curve
- (45) Oligopoly means
a) One seller many buyer
c) Few 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
- (47) The relationship between price and demand is
a) Direct
c) Proportionate
- (48) Diminishing Marginal Utility means
a) Total utility increases at constant rate
c) Total utility rises first then falls
- (49) If there is excess demand in the market
- b) Negative
d) Unitary
- b) Perfectly inelastic demand
d) Relative inelastic demand
- b) Zero income elasticity
d) Unitary income elasticity
- b) Zero
d) >1
- b) quantity supplied
d) All of these
- b) marginal cost pricing
d) both a & c
- b) The highest-valued alternative forgone.
d) The accounting cost minus the marginal cost.
- b) $=0$
d) $=1$
- b) Outputs only
d) The minimum set of inputs that can produce a certain fixed quantity of output
- b) AVC curve
d) AC curve
- b) Few seller few buyer
d) Two seller many buyers
- b) That arises from an increase in an activity.
d) That arises from the secondary effect of an activity
- b) Inverse
d) Positive
- b) Total utility decreases
d) Total utility rises at a diminishing rate

- a) price remains constant
c) price falls
- (50) Monopoly is a market characterized by
a) single seller
c) large number of buyer and seller
- (51) Microeconomics is not concerned with the behavior of:
a) Aggregate demand
c) Industries
- (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.
- (53) In the short run, when the output of a firm increases, its average fixed cost
a) Remains constant
c) increases
- (54) In the long run, all factors of production are
a) variable
c) materials
- (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.
- (56) The cost of one thing in terms of the alternative given up is called
a) Real Cost
c) Sunk 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
- (58) Indifference curves are convex to the origin because
a) Two goods are perfect substitutes
c) Two goods are perfect complementary goods
- (59) What is the shape of the total fixed cost (TFC) curve?
a) Rectangular hyperbola
c) Vertical
- (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.
c) smaller inventories per unit of output.
- b) price rises
d) none of these
- b) single buyer
d) All of these
- b) Consumers
d) Firms
- b) A change in income
d) A change in wealth.
- b) decreases
d) None of these
- b) fixed
d) rented
- b) independent of the price of the good.
d) always equal to the equilibrium quantity.
- b) Physical Cost
d) Opportunity Cost
- b) There are few sellers in the market.
d) All of these
- b) Two goods are imperfect substitutes
d) None of these
- b) Horizontal
d) None of these
- b) an increase in meetings and paperwork.
d) All of these