BRAINWARE UNIVERSITY

Term End Examination 2023-2024
Programme – MBA-2022/MBA-2023
Course Name – Managerial Economics
Course Code - MBA101
(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) Identify when the government purchases goods and services from the business sector, is an example of

a) Leakages from the circular flow   b) Injections into the circular flow
c) A decrease in economic activity   d) A decrease in government spending

(ii) Choose which of the following questions would be addressed by positive economics

a) Should the government provide universal   b) How do changes in interest rates affect
   healthcare?   consumer spending?
c) What is the fair distribution of income in   d) Is it ethical for companies to outsource jobs
   society?   to lower-wage countries?

(iii) Choose which of the following represents the flow of money from the government to households in the circular flow of income

a) Taxes   b) Investment spending
c) Government transfers   d) Exports

(iv) State in a corporation, who owns the company and elects the board of directors

a) Shareholders   b) Managers
c) Government   d) Customers

(v) 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

(vi) 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) Inferior goods

(vii) Focus 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) No effect

(viii) Select the demand for goods like jowar or maize when the income of a consumer increases

a) increase

b) remain constant

c) decrease

d) Increase at Increasing rate

(ix) Select which of the following decides the Law of demand

a) Law of diminishing Marginal utility

b) Income effect

c) Substitution effect

d) No effect

(x) Observe the Total cost can be calculated as the sum of:

a) Marginal cost and average variable cost.

b) Marginal cost and average total cost.

c) Fixed cost and average variable cost.

d) Fixed cost and variable cost.

(xi) Indicate in a monopoly, the firm faces a demand curve that is:

a) Horizontal

b) Downward sloping

c) Vertical

d) Upward sloping

(xii) 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

(xiii) Indicate a duopoly is a specific type of:

a) Perfect competition

b) Monopoly

c) Oligopoly

d) Monopolistic competition

(xiv) Indicate the factor that managerial economics primarily deals with

a) Economic theory

b) Business decision-making

c) Macroeconomic policy

d) Historical economic analysis

(xv) Choose which of the following is an example of a microeconomic issue that managerial economics might address

a) National unemployment rates

b) International trade policies

c) Pricing strategies for a specific product

d) Government fiscal policies

Group-B
(Short Answer Type Questions)

3 x 5=15

2. Explain the concept of individual demand and individual supply in the context of economics. (3) Provide brief explanations for each.

3. Distinguish between short-run and long-run costs (3)

4. Explain the two degree of price discrimation (3)

5. Distinguish the key difference between Perfect competition, Monopoly, Monopolistic and Oligopoly (3)

6. Illustrate the one major issue in Macroeconomics (3)

OR

Distinguish between Final goods and intermiadate goods (3)

Group-C
(Long Answer Type Questions)

5 x 6=30

7. 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)

8. Summarize the geometric method of calculating price elasticity of demand (5)

9. State the nature of managerial economics (5)

10. Summarize the concept of isoquant with a proper schedule. (5)

11. Justify why long run average cost curve is called a planning curve (5)
12. Assess the various the determinants of demand (5)

OR

Summarize the expenditure method of estimating price elasticity of demand (5)

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