BIJU PATNAIK INSTITUE OF IT & MANAGEMENT STUDIES
1ST SEMESTER MBA (BATCH 2019-21)
CLASS TEST-II
Managerial Economics (18MBA 101)

Total Marks: 30   **Time: 1 ½ Hours**

Q1. Answer all. Compulsory   **[1X10=10]**

   a) What is Iso-Cost line?
   b) What is the law of diminishing return?
   c) What is Economies of scope?
   d) What are the sources of monopoly power?
   e) Define Recession.
   f) What is Technological Efficiency?
   g) What is Business Cycle?
   h) Define Induced Investment.
   i) If by increasing the quantity of labour by one unit, a firm gives up 3 units of capital, and yet produces the same level of output, then what would be the value of $MRTS_{LK}$?
   j) What is opportunity cost?

Q2. **Answer any two of the following :**   **[5X2=10]**

   a) If the total cost function of a company is $TC= 162+3Q+2Q^2$, find the average cost at output level of 6 units & 9 units.
   b) Explain the various economies of scale that accrue to the firm when it expands its scale of production.
   c)   Does Petroleum as an energy source have good substitutes? How is this reflected in the shape of the Iso- quant for petroleum versus other energy sources?

Q3. Answer any one of the following: **[10 Marks]**

   a) Why a firm under perfect competition is described as a price taker? Deduce its equilibrium conditions in the short- run and long- run.

   b) How can credit control check inflation? Would increasing supply of goods be a better measure to check inflation than credit control? Discuss.

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BIJU PATNAIK INSTITUE OF IT & MANAGEMENT STUDIES
1ˢᵀ SEMESTER (BATCH 2018-20)
CLASS TEST-II
Managerial Economics (18MBA 101)

Total Marks: 30   **Time: 1 ½ Hours**

I.   Answer all the Questions   **(10x1=10 marks)**

1. What is the difference between technological efficiency and economic efficiency?
2. What is economies of scope?
3. What is economies of scale?
4. What is production function?
5. Why the long run cost curve is known as envelop curve?
6. P=AR=MR in perfect competition. Why?
7. What do you mean by sunk cost ?
8. What is the difference between isoquant and iso cost?
9. Why inflation is known as a necessary evil?
10. What is the difference between peak load pricing and price bundling?

II.   Short Questions (Answer any two)   **(2x5=10 Marks)**

1. Distinguish between perfect competition and monopoly market?
2. If TR=48Q-Q^2 and TC=12+16Q+3Q^2 ,Calculate the output that maximises profit and the   amount of maximum profit?
3. Discuss the phases of Business cycle?

III.   Long questions (Answer any one)   **(1x10=10 marks)**

1. How price and output can be determined under monopolistic market. Elucidate with diagram?

2. Discuss the production function with one variable input with diagram?

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BIJU PATNAIK INSTITUE OF IT & MANAGEMENT STUDIES
1ST SEMESTER (BATCH 2017-19)

CLASS TEST-II
Economics for Management (MNG104)

Total Marks: 30   **Time: 1 ½ Hours**

I.   Answer all the Questions :

(a) Answer in brief: **(1x5=5 marks)**

1. AR=MR=P in a perfectly competitive market. Why?
2. What does economies of scope refers to?
3. What would happen when a monopolistic seller reduces the price of the product significantly?
4. Why does the demand curve under monopolistic competition more elastic than monopoly?
5. Why does a monopolist have no supply curve?

(b) Fill in the blanks: **(1x5=5 marks)**

1. Economies of scale refer to a situation in which the _____decreases with increase in ____.
2. The firm attains equilibrium at a point where the _____ is equal to the _____.
3. The average total cost curve is always higher than_____and _____curves.
4. When marginal cost is greater than average cost, _____ rises, whereas when _____ is less than average cost average cost falls.
5. _____ is a market structure having one seller and many buyers whereas _____ is a market situation having one buyer and many sellers.

II.   Solve the numerical: (Answer any two)   **(2x5=10)**

1. Assume that a monopoly firm's total cost function is given as TC=50+40Q and the demand equation for its product is given as P=100-2Q.Find the profit maximizing level of output and its corresponding price. Also calculate the level of profit at this price and quantity combination.
2. Manager of the firm determines the demand equation of its product as P=200-12Q.The cost function of the firm is given as $C=1/3Q^3-10Q^2+140Q+20,000$.Determine the profit maximizing level of output and price.
3. The long run average cost (LAC) function of the firm in perfect competition is given as $LAC=1200-4Q+2Q^2$
     i)   Find its profit maximizing output in the long run.
     ii)   Also verify whether LAC and LMC are equal at this level of output.

III.   Long questions (Answer any one)   **(1x10=10 marks)**

1. Elaborate the price and output decision under monopoly market. Why does a firm under monopoly market earn super normal profit during the long run as well?
2. Differentiate between short run and long run production function. Explain the law of returns to scale by elaborating its various stages.

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BIJU PATNAIK INSTITUE OF IT & MANAGEMENT STUDIES
1ST SEMESTER (BATCH 2016-18)
CLASS TEST-II
Economics for Management (MNG104)

Total Marks: 30   **Time: 1 ½ Hours**

I.   Answer all the Questions (10 marks)

(A) Answer in brief: **(1x5=5 marks)**
1. How can government benefit from the elasticity concept?
2. Why is it difficult to determine a unique demand curve under oligopoly?
3. Define isoquant. Can an isoquant be concave to the origin?
4. Distinguish between economies and diseconomies of scale.
5. Why a perfectly competitive firm would earns only normal profit in the long run?

(B) Fill in the blanks: **(0.5x10=5 marks)**
1. Elasticity of substitution in a Cobb Douglas production function is equal to _____.
2. _____ profit is the accounting profit that occurs when total revenue exceeds total cost.
3. Elasticity of demand for a perfectly competitive firm is equal to _____.
4. The Tatkal facility for reservation offered by Indian Railways is an example of price discrimination of _____ degree.
5. A monopoly that has no substitute is known as _____monopoly.
6. Product differentiation can be real or _____.
7. Cartels are a form of _____ collusion.
8. In loss leadership pricing a firm normally charges low price for a _____ good.
9. Once a product is established and approaches maturity, sellers _____ their profit margin.
10. The negative slope of the demand curve of a firm under monopolistic competition   is because of _____.

II.   Short Notes (Answer any two)   **(2x5=10)**
1. For the following demand functions, determine whether demand is elastic, inelastic or unitary at the given price:
    (a) Q= 100-4P and the given P= ₹20
    (b) Q= 1500-20P and the given P= ₹5
    (c) P= 50-0.1Q and the given P= ₹20
    (d) Q= 20,000-60P and the given P= ₹200
2. Given the following equations: TR= 48Q-Q^2 and TC= 12+16Q+3Q^2, calculate the output that maximizes profit and the amount of maximum profit.
3. If a firm's total cost (TC) function is given as TC= 100+50Q-11Q^2+Q^3, find MC and AVC. Also prove that MC passes through minimum AVC.

III.   Long questions (Answer any one)   **(1x10=10)**
1. Elaborate the price and output decision under monopolistic competition market. Why does a firm under monopolistic competition market earn only normal profit under long run?
2. Differentiate between short run and long run production function. Explain the law of variable proportion by elaborating its various stages.

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BIJU PATNAIK INSTITUE OF IT & MANAGEMENT STUDIES
1ST SEMESTER (BATCH 2015-17)

CLASS TEST-II

Economics for Management (MNG104)

Total Marks: 30   **Time: 1 ½ Hours**

1.   Answer any five of the following   [5x2=10]

a)   What is the difference between prime cost and supplementary cost?
b)   What is difference between autonomous investment and induced investment?
c)   Explain demand pull inflation with the help of figure.
d)   Distinguish between perfect competition and monopoly.
e)   Distinguish between shut down point and breakeven point.
f)   What are the relationship between MC and AC?
g)   Distinguish between capital market and money market.

2.   Answer any One of the following.   [1x10=10]

a)   Illustrate Keynes Psychological law of consumption and explain the factors that give rise to consumption function?
b)   Describe how price and output is determined in monopoly both in short run and long run.
c)   Define inflation. Explain what are the causes, effects and control of inflation.
d)   Define national income, explain how national income is estimated with the help of income method, expenditure method and value added method.

(Answer any Two of the following)   [2x5=10]

3.   A lamp manufacturer faces horizontal demand curve. The firms total costs are given by the equation $TVC = 150Q - 20Q^2 + Q^3$ where Q is quantity. Below what price should the firm shut down operations?

Or

The equilibrium price in a perfectly competitive market is Rs. 10. The marginal cost function is given by $MC = 4 + 0.2 Q$. The firm is presently producing 40 units of put per period. To maximize profit, should the output rate be increased or decreased? Explain.

4.   Explain why the long run average cost curve is called as planning curve.
5.   Explain the instruments of fiscal and monetary policy for stabilizing price level.
6.   What is price discrimination; explain what the situations are where price discrimination is possible and profitable.

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