Managerial Economics

1. ___________ is the application of Economic theory to managerial practice.

1. Economic Management
2. Managerial Economics
3. Economic Practice
4. Managerial Theory

2. Managerial Economics relates to the use of tools and techniques of ________ to solve managerial problems.

1. Managerial Theory
2. Economic Practice
3. Economic Analysis
4. None of the above

3. According to Eugene Brigham and James Pappas-'Managerial Economics is the application of economic theory and methodology to business administration practice'.

1. True
2. False

4. ________ has indicated that economic problem mainly arises because, human wants are unlimited whereas the means to satisfy these wants are limited.

1. Lionel Robbins
2. Samuelson
3. Milton Spencer
4. James Pappas

5. Marginal utility is the aggregate of utilities derived by the consumers from all the units of the commodity consumed.

1. True
2. False

6. As more and more consumers possess a particular product, others are also psychologically influenced to buy that product. This is called:

1. Snob effect
2. Bandwagon effect
3. Income effect
4. Price effect
7 Other things remaining the same, quantity demanded of a commodity is inversely related to its price.

1. True
2. False

8 Once it so happened in England that when the price of bread declined the demand for bread also declined. This was termed as:

1. Price-illusions
2. Qualitative changes
3. Standard of living
4. None of the above

9 Price-elasticity of demand is the degree of responsiveness of quantity demanded of particular commodity to the change in the price of:

1. Another commodity
2. That commodity itself
3. Both of the above
4. None of the above

10 The quantity demanded, generally has a positive relationship with price.

1. True
2. False

11 The change in income brings about a change in demand for a particular commodity in the same direction, then the income elasticity is said to be:

1. Negative
2. Positive
3. Zero
4. None of the above

12 Quantitative method of demand forecasting is used for:

1. Short term forecasting
2. Long term for casting
3. All of the above
4. None of the above

13 The disadvantage of the Delphi technique is that it helps individual panel members in assessing their forecast.

1. True
2. False
14 Which of the following is the fluctuation indicated by the time series data?

1. Secular trends
2. Cyclical variations
3. Seasonal variations
4. All of the above

15 Distress sale- this comes under which factor that would 'influence supply'?

1. Taxation & subsidy
2. State of Technology
3. Transport facilities
4. Expectations regarding future prices

16 An exception to the law of supply is provided by the supply curve of:

1. Raw material
2. Packing material
3. Labour
4. Consumables

17 An exception to the law of supply is provided by the supply curve of consumables.

1. True
2. False

Cost of raw material is:

1. Fixed Cost
2. Variable Cost
3. Both of the above
4. None of the above

19 The long run average cost curve is also called the:

1. Envelope curve
2. Long-term planning curve
3. Both of the above
4. None of the above

20 Mr. Suresh Ramchandran, an executive employed with Ranbaxy India drives his car himself and hence is not paid by the company for doing the work of a driver. This is:

1. Explicit cost
2. Implicit cost
3. Both of the above
4. None of the above
21 Which of the following phrases comprise the laws of returns.

1. The law of increasing returns
2. The law of constant returns
3. The law of diminishing returns
4. All of the above

22 Internal economies are classified by:

1. E. A. G Robinson
2. Samuelson
3. Marshall
4. James Pappas

23 Economies of concentration does not arise from the localization of an industry in a particular region.

1. True
2. False

24 Which of the following are forms of Imperfect competition?

1. Monoply
2. Duopoly
3. Oligopoly
4. All of the above

25 Why does the price rise?

1. When supply increases
2. When demand decreases
3. At least one of the above
4. None of the above

26 Marginal Revenue is the additional revenue from selling the additional unit of output.

1. True
2. False

27 Marginal Revenue is the ratio of change in total revenue to….

1. Change in quantity
2. Quantity
3. Change in price
4. Price
Perfect competition implies a situation where.

1. **Single seller dominating the market**
2. Infinite firms producing homogeneous products
3. Few firms producing homogeneous products
4. None of the above

AR = MR in case of perfect competition

1. True
2. **False**

A firm is said to be in a state of equilibrium at a point when it enjoys _______ profit.

1. Average
2. Minimum
3. **Maximum**
4. None of the above

Average Revenue - Average Cost = Average Profit X ________ = Total Profit.

1. Units of output produced
2. Units of output in stock
3. **Units of output sold**
4. None of the above

Under Marginal Revenue- Marginal Cost Method, equality between Marginal Cost and Marginal Revenue is necessary condition for equilibrium of the firm.

1. **True**
2. False

The sufficient condition for equilibrium of a firm under perfect competition in the short run is:

1. Marginal Revenue > Rising Marginal Cost
2. Marginal Revenue < Rising Marginal Cost
3. **Marginal Revenue = Rising Marginal Cost**
4. Average Revenue > Rising Average Cost
In a situation where the Marginal Revenue is a horizontal line and Marginal Cost is falling below the revenue for an additional unit of output, the firm will

1. Incur loss
2. **Yield profit**
3. Attain Break-even
4. None of the above

A monopolist cannot be in equilibrium where elasticity of demand is less than one.

1. **True**
2. False

Negative Marginal Revenue results in:

1. Profit maximized
2. Profit not maximized
3. **Sales not maximized**
4. None of the above

Full cost pricing method is also known as:

1. Full Cost plus pricing
2. **Cost plus pricing**
3. Total Cost plus pricing
4. All of the above

Marginal cost pricing method leads to:

1. stable prices in the market
2. **frequent price changes**
3. moderate fluctuations
4. None of the above

The nature of demand of the product, the availability of substitutes and the degree of competition have to be studied before the pricing of the exports.

1. **True**
2. False
40 Profit is the reward, which goes to organization as a factor of production for its participation in the process of:

1. **production**
2. administration
3. distribution
4. None of the above

41 Net Profit is arrived at by reducing ________ from revenue.

1. explicit costs
2. implicit costs
3. Both of the above
4. **None of the above**

42 Profit may arise on account of ______

1. **monopoly element**
2. windfalls
3. Both of the above
4. None of the above

43 Competitive and technical risks are covered under insurable risks.

1. True
2. **False**

44 Capital Budgeting is a ________ term planning for making and financing proposed capital outlays.

1. **Long**
2. Short
3. Medium
4. None of the above

45 On which of the following criteria profitability of project depends:

1. The pay back period method
2. Discounted present value method
3. **Both of the above**
4. None of the above

46 Macro-economic variables include:

1. **National Income**
2. Individual Income
3. Both of the above
4. None of the above
Trade cycles are characterized by alterations and oscillations of economic variables between the periods of:

1. depression and recovery
2. recovery and prosperity
3. depression and prosperity
4. None of the above

A business cycle is a wave-like movement.

1. True
2. False

External economic indicators of business activity include .

1. Privatization
2. Globalization
3. Liberalization
4. All of the above

Macro Economics deals with the behaviour of the economy as a whole.

1) True
2) False