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QUESTION BANK (DESCRIPTIVE)

Subject with Code : MEFA (13A52701) **Course & Branch**: B.Tech - CIVIL

Year & Sem: IV-B.Tech & I-Sem **Regulation:** R13

UNIT –I

Introduction to Managerial Economics

1. Define Managerial Economics. Explain its Nature and Scope. 10 M
2. What is Managerial Economics? How does it differ from economics? 10 M
3. "Managerial economics is the integration of economic theory with business practice for the purpose of facilitating decision making and forward planning by management". Explain. 10 M
4. What is the significance of Managerial Economics in decision making. 10 M
5. Define demand and describe its determinants with suitable examples. 10 M
6. Distinguish between substitutes and complements with examples. How does this distinction of goods help in business decision making? 10 M
7. State the 'Law of Demand'. What are the various factors that determine the demand for a Mobile Phone? 10 M
8. Explain Cross Elasticity of Demand. 10 M
9. State the demand forecasting techniques. 10 M
10. Short answer questions:
    (A) Income Elasticity of Demand 2 M
    b) Elasticity of Demand 2 M
    c) Macro Economic Environment 2 M
    d) Time Series Analysis 2 M
    e) Survey Methods 2 M

UNIT – I

1. The statements that contain the word ‘ought to’ are called [ ]

(A) Prescriptive (B) Normative

(C) Assertive (D) Negative

2. Managerial Economics is close to [ ]

(A) Micro Economics (B) Macro Economics

(C) Theory of Income and Employment (D) Theory of wages and Employment

3. Integration of economic theory with business practice is called [ ]

(A) Managerial Economics (B) Economics

(C) Macro Economics (D) None

4. Which of the following is NOT a problem of business? [ ]

(A) Optimization of inputs (B) Minimization of costs

(C) Maximization of revenue (D) Increased property tax collections

5. Who said that economics is the study of nature and uses of national wealth? [ ]

(A) Paul A Samuelson (B) Prof.Lionel Robbins

(C) Adam Smith (D) Alfred Marshal

6.”Economics is the study of scarce resources and unlimited wants”. Who said this? [ ]

(A) Paul A Samuelson (B) Prof.Lionel Robbins

(C) Adam Smith (D) Alfred Marshal

7. Which of the following cannot be verified by looking at the facts? [ ]

(A) Positive statement (B) Prescriptive actions

(C) Normative statement (D) Welfare statement

8. Which of the following is not covered by Managerial Economics? [ ]

(A) Price-output decision (B) Profit related decision

(C) Investment decision (D) Foreign direct investment decision

9. Which one of these is not a recent government measure to strengthen the economy? [ ]

(A)Globalization (B) Encouraging mergers & acquisitions

(C) Strengthening MRTP Act (D) Restrictive trade practices

10. What is the position of budget line with respect to indifference curve? [ ]

(A) Below (B) Above

(C) Tangential (D) Intersecting

11. In case of Giffen's goods, the demand curve [ ]

(A) Slopes downwards (B) Slopes upwards

(C) Intersects supply (D) Meets cost curve

12. The demand is said to be relatively inelastic when the change in demand is what change in the price. [ ]

(A) More than (B) Less than

(C) Equal to (D) Not related to

13. If the income elasticity is positive and greater than one, it is a [ ]

(A) Necessity (B) Inferior good

(C) Normal good (D) Superior good

14. When a significant degree of change in price leads to little change in the quality demanded then the demand is said to be [ ]

(A) Perfectly elastic (B) Perfectly elastic

(C) Relatively elastic (D) Relatively inelastic

15. If the price rises, the demand [ ]

(A) Rises (B) Falls

(C) First falls and then rises (D) First rises and then falls

16. Which of the following refers to quantity demanded in response to a given change in price? [ ]

(A) Price elasticity (B) Cross elasticity

(C) Income elasticity (D) Advertising elasticity

17. Price elasticity is always [ ]

(A) Positive (B) Negative

(C) Consistent (D) Declining

18.Which of the following does not hold good in case of indifference curve? [ ]

(A) Sloping downwards (B) Sloping upwards

(C) Convex to the origin (D) Constant slope

19. Elasticity computed at a given point on the demand curve for an infinitesimal change in price is called [ ]

(A) Unit elasticity (B) Arc elasticity

(C) Point elasticity (D) Arc point elasticity

20. If the price is said to be inelastic, then it means that the proportionate change in the quality Demanded is what proportionate change in the price [ ]
    (A) Equal (B) More
    (C) Less (D) Double
21. In short run, firms can adjust their production by changing their [ ]
    (A) Fixed factors (B) Variable factors
    (C) Semi-fixed (D) All
22. Which of the following pairs of goods is an example of substitutes? [ ]
    (A) Tea and Sugar (B) Tea and Coffee
    (C) Car and Petrol (D) None
23. Which of the following is also called the long term trend? [ ]
    (A) Cycle Trend (B) Seasonal Trend
    (C) Trend (D) All
24. Which of the following describes the degree of association between two variables [ ]
    (A) Regression (B) Relation
    (C) Correlation (D) Mean
25. Market demand is not affected by [ ]
    (A) Demography (B) Economic
    (C) Political (D) Social
26. The features of a good forecasting method is [ ]
    (A) Demography (B) Social
    (C) Economic (D) Demand
27. Demand forecasting is not governed by [ ]
    (A) Forecasting level (B) Market support
    (C) Firm level (D) Degree of Orientation
28. Survey method is disadvantage because [ ]
    (A) Surveys are cheap (B) There exist inconsistent buying behavior
    (C)Sample size is a small (D) Consistent buying behavior
29. The market demand for a given marketing effort is called [ ]
    (A) Estimated demand (B) Market potential
    (C)Market structure (D) Law of Demand

30. Which of the following is not a part of Trend Projection Method [ ]

(A) Least Square Method (B) Moving average method

(C)Test Marketing (D) Exponential smoothing

31. The demand curve slopes [ ]

(A) Upwards (B) Downwards

(C) Linear (D) None of the above

32. A small change in price may lead to a great change in quantity demand. In this case, demand is [ ]

(A)Elastic (B) Inelastic

(C) Cross elastic (D) Price elastic

33. Demand changes more than proportionately to a change in price, in this case demand is

(A)E<1 (B) E>1 [ ]

(C) E=0 (D) E>1<1

34. The consumers are contacted personally to know about their plans and preferences regarding the consumption of the product is [ ]

(A) Test marketing (B) Consumer survey method

(C) Regression (D) Opinion method

35. If a big change in price is followed by a small change in demanded then the demand is

(A) Elastic (B) Inelastic [ ]

(C) Price elastic (D) Cross elastic

36. The subject of economics is: [ ]

(A) A physical science (B) A natural Science

(C) An exact science (D) A social science

37. Cross elasticity between car and tea would be: [ ]

(A) Positive (B) Negative

(C) Unitary (D) Zero

38. Income elasticity of demand is 'Negative' in case of [ ]

(A) Superior goods (B) Giffen goods

(C) Normal goods (C) Inferior goods

39. Income elasticity of demand for diamonds would be: [ ]

(A) =1 (B) =0

(C) >1 (D) <1

40. Elasticity of demand is determined by all the following factors except: [ ]

(A) Nature of commodity (B) Proximity of substitutes

(C) Time (D) Government policies