

# Indian Maritime University

(A Central University, Govt of India)

## End Semester Examinations – JUNE 2025

Programme Name: BBA (ML)

Semester: II

Subject Code: UG32T1202

### Subject Name: ELEMENTS OF ECONOMICS

Date: 02.06.2025

Max Marks: 70

Duration: 03 Hrs

Pass Marks: 35

#### General Instructions

- (i) All Sections (A, B & C) are to be attempted.

#### Section A

Answer the following compulsory questions (MCQs) (10 X 01 = 10Mark)

1. What is the fundamental problem of economics?
  - a) Unlimited resources
  - b) Scarcity of resources
  - c) Unlimited wants and unlimited resources
  - d) Government intervention in markets
2. What is the relationship between price and quantity demanded according to the law of demand?
  - a) Direct relationship
  - b) Inverse relationship
  - c) No relationship
  - d) Unpredictable relationship
3. In the short run, which cost is considered fixed?
  - a) Raw material costs
  - b) Wages of hourly workers
  - c) Rent for factory building
  - d) Utility costs
4. The concept of the isoquant curve is used to:
  - a) Show combinations of inputs that yield the same level of output.
  - b) Illustrate the relationship between cost and output.
  - c) Depict the break-even point.
  - d) Determine the optimal pricing strategy.
5. Cartels are formed to:
  - a) Promote perfect competition
  - b) Reduce production costs

- c) Limit competition and control prices
  - d) Encourage new firms to enter the market
6. Price leadership occurs when:
- a) All firms set their prices simultaneously
  - b) A dominant firm sets the price and others follow
  - c) Firms engage in random pricing
  - d) Government regulates prices
7. Deflation can be described as:
- a) A reduction in the rate of inflation
  - b) A sustained rise in the general price level
  - c) A persistent fall in the general price level
  - d) The cost of borrowing money
8. Which of the following is an example of capital expenditure by the government?
- a) Salaries paid to government employees
  - b) Interest payments on government debt
  - c) Construction of highways and infrastructure
  - d) Subsidies on essential commodities
9. Gross National Happiness (GNH) primarily focuses on:
- a) Measuring economic output exclusively
  - b) Assessing the psychological well-being and cultural values
  - c) Calculating a nation's defence expenditure
  - d) Ranking countries by population
10. Gross National Product (GNP) differs from GDP in that it:
- a) Excludes government spending.
  - b) Includes the income earned by a country's residents abroad.
  - c) Includes depreciation of capital goods.
  - d) Measures only the manufacturing sector

### **Section B**

Answer the following compulsory short questions

(05 X 2 = 10 Marks)

- 11. Define opportunity cost with an example?
- 12. Explain the law of diminishing marginal returns with an example?
- 13. Explain the barriers to entry in a monopoly market?
- 14. Distinguish between Nominal GDP and Real GDP?
- 15. What is the significance of fiscal policy in an economy?

### Section C

Answer any five of the following questions

(05 X 10 = 50 Marks)

16. Describe the law of demand and the factors that can cause a shift in the demand curve?
17. Define and differentiate between explicit and implicit costs with examples. How do they impact economic profit ?
18. Explain the three main methods of measuring national income. What are the challenges associated with each method ?
19. Compare between perfect competition and monopoly with real-world examples?
20. Discuss the challenges and benefits of using alternative measures of well-being alongside traditional GDP?
21. Analyze the role of fiscal policy in controlling inflation and unemployment. Provide relevant examples?
22. Discuss the relationship between economies of scale and a firm's cost structure. Explain the concepts of internal and external economies of scale, provide examples?

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