

**INDIAN MARITIME UNIVERSITY**  
(A CENTRAL UNIVERSITY, GOVT. OF INDIA)

SEMESTER- I, SCHOOL OF MARITIME MANAGEMENT- JUNE 2014 EXAMS

**MANAGERIAL ECONOMICS (T 1102)**

(AY 2013-14 batch onwards)

Time:- 3 Hrs  
Date: 20.06.2014

Max Marks : 60

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**SECTION - A**

(12 X1 = 12 Marks)

Answer all the Questions. All Questions carry equal marks

1. Which of the following is assumed constant along the demand curve for gasoline?
  - a. the price of gasoline and the prices of related goods
  - b. the price of gasoline, buyers' incomes, and tastes
  - c. all variables affecting demand other than the price of gasoline
  - d. buyers' incomes and tastes, but not the prices of related goods
  
2. If goods are complements, definitely their
  - a. income elasticities are negative.
  - b. income elasticities are positive.
  - c. cross elasticities are positive.
  - d. cross elasticities are negative
  
3. If the output is doubled, when all the inputs are increased by 3 times, then there is
  - a. Increasing returns to scale
  - b. Constant returns to scale
  - c. Decreasing returns to scale
  - d. None of the above
  
4. Which one is not a characteristic of an Isoquant
  - a. Isoquants do not intersect
  - b. Isoquants are downward sloping
  - c. Isoquants are concave to the origin
  - d. A higher isoquant represents a higher output
  
5. All the following are in the purview of microeconomics except :
  - a. What to produce ?
  - b. How to produce ?
  - c. For whom to produce ?
  - d. Is the economy growing ?
  
6. A perfectly competitive firm has all the following features EXCEPT
  - a. Price taker
  - b. Quantity adjuster
  - c. Perfectly informed
  - d. Price discriminator
  
7. A monopolist is
  - a. One of the few producers of a homogeneous product
  - b. A single producer of a single product
  - c. One of the many producers of a homogeneous market
  - d. One of the many producers of a differentiated market
  
8. The substitution effect must always be
  - a. Positive
  - b. Negative
  - c. Zero
  - d. Bigger than the income effect
  
9. Giffen goods are goods
  - a. For which demand increases as price increases,
  - b. Which have a high income elasticity of demand,
  - c. Which have a low cross elasticity of demand,
  - d. Which are in very short supply.

10. In an oligopolistic market, there are -  
 a. A large number of sellers and few buyers.      b. Few sellers and few buyers.  
 c. Few sellers and large number of buyers.      d. Only one seller and many buyers.
11. Law of demands means  
 a. When the Price Increases the demands of goods decreases  
 b. When the demand increases the price gets decreased  
 c. When the demand increases the price also increased      d. none of the above
12. After liberalization usually which one will follow  
 a. globalization      b. FDI      c. Privatization      d. none of the above

**SECTION - B**

(5 X4 = 20 Marks)

Answer any FIVE questions not exceeding 200 words. All questions carry equal marks

13. Explain the concept of Price elasticity of demand and how is it measured.
14. Why Long Run Average Cost Curve is also known as envelope curve?
15. Distinguish between (a) Durable goods and Non-durable goods;  
 (b) Derived demand and Autonomous demand.
16. Define advertising elasticity of demand and state its importance.
17. How do demand forecasting methods for new products vary from those for established products?
18. What is meant by 'price discrimination'? What are its objectives?
19. What is monopoly? State the factors which give rise to monopoly.

**SECTION - C**

(4 X7 = 28 Marks)

Answer question no.20 (compulsory) and any 3(three) from the rest:

20. State and explain the Law of Demand. What are its exceptions?
21. If the total cost function of a company is  $TC = 162 + 3Q + 2Q^2$ , find the average cost and marginal cost at an output level of 6 units.
22. Distinguish the long run from the short run and explain the relevance of the distinction to cost analysis.
23. Discuss the nature and scope of managerial economics.
24. Explain what do you understand by monopolistic competition. What are the similarities between perfect competition and monopolistic competition?
25. What is the significance of demand analysis to a marketing manager of a business firm? Explain the important determinants of demand.

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