

Exhib

INDIAN MARITIME UNIVERSITY
(A Central University, Government of India)

MBA (PSM/ITL)
Semester – I – December 2015 End Semester Examinations

Managerial Economics
Subject Code: PG21T2102/PG22T2102

Time: 3 Hours
Date: 09.12.2015

Max Marks: 60
Pass Marks: 30

Section – A - (MCQ)

Answer all the questions (12x1Marks = 12 Marks)

1. The Manager tries to produce atScale.
 - a. Minimum
 - b. Maximum
 - c. Optimum
 - d. Ideal

2. Cross Elasticity of Demand between tea & Sugar
 - a. Positive
 - b. Negative
 - c. Zero
 - d. Infinity

3. Demand forecasting is important for
 - a. Price Control
 - b. Business Planning
 - c. Competitive Strategy
 - d. All of Above

4. The relationship between price and demand is
 - a. direct
 - b. inverse
 - c. proportionate
 - d. positive

5. Which among the following curves is U-Shaped?
 - a. AC
 - b. MC
 - c. TC
 - d. None of the Above

6. If there are two sellers in the market, it is—
- Monopoly
 - Dulopoly
 - Oligopoly
 - None
7. Managerial Economics is also called _____.
- Applied Economics
 - Micro Economics
 - Macro Economics
 - Keynesian Economics
8. Demand for a commodity depends on
- Price of that commodity
 - Price of related commodity
 - Income
 - All of the above
9. A fall in the price of a commodity leads to-----
- A shift in demand
 - A fall in demand
 - A rise in the consumers' real income
 - A fall in the consumers' real income
10. Which of the following does not represent isoquant?
- Isoproduct curve
 - Equal product curve
 - Production indifference curve
 - Isocost curve
11. Unitary Elasticity of Demand is
- Equal to one
 - Greater than one
 - Equal to zero
 - Less than one
12. Shut down point is one where a firm
- Cannot reach a no profit no loss position
 - Can cover only the fixed costs
 - Cannot cover variable costs
 - None of the above

Section – B (200 Words)

Answer any 5 out of 7 (5x4 Marks=20 Marks)

13. Why long run average cost curve is called an envelope curve?
14. Define opportunity cost, social cost, and fixed cost
15. Narrate the reasons for the emergence of monopoly
16. Explain the factors influencing the supply of a commodity?
17. If the total cost function of a company is $TC = 500 + 4Q + 10Q^2$, find the average cost and marginal cost at an output level of 10 units
18. How do demand forecasting methods for new products vary from those for established products?
19. Explain the concepts of economies of scope and economies of scale

Section - C (500 Words, Case Study/ Essay Type)

First question of the section is compulsory (1x7Marks=7Marks)

Answer any 3 out of 5 (3x7 Marks=21 Marks)

20. The Times of India is one of the leading newspapers in India. In September 1972, it reduced its price from 45 paise to 20 paise per paper, while its rivals remained unchanged. The number of newspapers sold by TOI and its rivals was as follows:-

Paper	August 1972	May 1973
TOI	3,55,000	5,18,000
Statesmen	10,24,000	9,93,000
The Hindu	3,92,000	4,02,000
Hindustan	3,25,000	2,77,000

- (i) Calculate the price elasticity for TOI
 - (ii) Based on the above information, state whether the price elasticity of demand for TOI is elastic or inelastic
 - (iii) Was the cross elasticity of demand between statesmen and TOI is positive or negative? Why?
 - (iv) In your view what may be the possible reasons for the increase in demand for the Hindu?
21. What do you mean by break-even point for a firm? Explain its significance in a business organisation?
 22. State and explain the law of demand. Give a detailed description on exceptions to the law of demand
 23. Define law of diminishing returns. Explain its significance in three stages of the growth of a firm
 24. Explain the significance of demand forecasting in business decisions. Give a note on important methods of demand forecasting.
 25. "Managerial economics is economics applied in decision making". Explain.
