

INDIAN MARITIME UNIVERSITY
(A Central University, Government of India)
December 2017 Examinations -I SEMESTER
MBA (PSM)/ITLM
MANAGERIAL ECONOMICS (PG21T2102/PG22T2102)

Date: 05.12.2017
Time: 3 Hrs

Maximum Marks: 60
Pass Marks: 30

Part-A

(12×1=12 Marks)

(Answer all questions. All questions carry equal marks)

1. Demand for a factor of production comes from the demand for a commodity that it can produce is an example of
 - a. Direct demand
 - b. Joint demand
 - c. Derived demand
 - d. Competitive demand

2. Opinions are collected from several experts working independently on the future demand for a product is
 - a. Barometric method
 - b. Delphi method
 - c. Smoothing technique
 - d. Trend analysis

3. The condition of complete mobility of factors of production in the industry is applicable under
 - a. Perfect competition
 - b. Monopoly
 - c. Duopoly
 - d. Oligopoly

4. The ratio of consumption expenditure to a particular level of income
 - a. Average propensity to consume
 - b. Marginal propensity to consume
 - c. Average propensity to save
 - d. Marginal propensity to save

5. The rate of discount which will equalize the supply price of capital with the prospective returns of capital assets
 - a. Internal rate of return

- b. Net present value
 - c. Cost benefit analysis
 - d. Marginal efficiency of capital
6. Which among the following is an instrument of fiscal policy?
- a. Taxation
 - b. Bank rate
 - c. SLR
 - d. Repo rate
7. An indirect tax recently introduced in India which replaced multiple cascading taxes levied by the central and state governments
- a. VAT
 - b. Sales tax
 - c. GST
 - d. Advalorem tax
8. A selective credit control technique
- a. Rationing of credit
 - b. Open market operations
 - c. Bank rate
 - d. Cash reserve ratio
9. If the proportionate change in input is higher than the proportionate change in output, it is a case of
- a. Increasing returns
 - b. Decreasing returns
 - c. Constant returns
 - d. None of the above
10. What is the breakeven quantity of output if selling price is Rs.6, Variable cost is Rs.4 and Fixed cost is Rs. 200?
- a. 200
 - b. 50
 - c. 150
 - d. 100
11. Cross elasticity of demand of two goods, car and petrol is
- a. Positive
 - b. Negative
 - c. Zero
 - d. Undefined
12. Average income earned by the citizens of a country

- a. Disposable income
- b. Private income
- c. Per capita income
- d. None of the above

Part-B

(5×4=20 Marks)

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

- 13. Explain the conditions followed under a perfectly competitive market.
- 14. Distinguish between economies of scale and economies of scope
- 15. Give a detailed description about different approaches to measure national income and its components
- 16. Define advertising elasticity of demand. What are the economic implications of it for a business?
- 17. Define demonetization. What impact did it produce on the Indian economy in the first one year period?
- 18. Explain the significance of cross elasticity of demand
- 19. What do we mean by demand for a product? Everyone desires an Audi car. Does this mean that the demand for Audi cars is larger? Calculate price elasticity of demand if $Q_1 = 4000$ $Q_2 = 5000$ $P_1 = 20$ and $P_2 = 19$.

Part-C

(4×7=28 Marks)

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

- 20. What is the relevance of fiscal policy? Explain its objectives and instruments
- 21. How does a firm attain equilibrium under monopoly?
- 22. Define Optimum combination of inputs. How does a firm attain the optimum combination of inputs in the long run?
- 23. Define price elasticity of demand and distinguish its various types. Discuss the role of price elasticity of demand in business decisions
- 24. What are business cycles? Explain the different phases of a business cycle
- 25. What is Break even analysis? Explain its significance to a business organization
