

INDIAN MARITIME UNIVERSITY
(A Central University, Govt. of India)
End Semester Examinations –Dec 2019/Jan 2020
M.B.A (Port and Shipping Management) /
(International Transportation and Logistics Management)
SEMESTER : I
PG21T2102/PG22T2102 - Managerial Economics

Date: 29-11-2019

Max Marks :60

Time: 3 Hrs

Pass Marks: 30

PART - A

(12x 1= 12 Marks)

Answer all questions, all questions carry equal marks.

1. In determining the real GNP, the nominal GNP is adjusted by using
 - a. National Productivity Index
 - b. Wholesale Price Index
 - c. GNP Deflator
 - d. Consumer Price Index
2. If a nation imposes tariffs and quotas upon foreign products, the immediate effect will be to
 - a. Reduce the rate of domestic inflation
 - b. Increase efficiency in the world economy
 - c. Increase domestic output and employment
 - d. Reduce domestic output and employment
3. Answer the next two questions on the basis of the demand schedule shown below:

Price (Rs)	Quantity demanded
7	1
6	2
5	3
4	4
3	5

The marginal revenue obtained from selling the third unit of output

- a. 6
 - b. 1
 - c. 3
 - d. 5
4. At the point where three units are being sold, the elasticity of demand
 - a. cannot be estimated
 - b. suggests that the market is purely competitive
 - c. is less than unity
 - d. is greater than unity
 5. A pure monopolist's demand curve
 - a. is perfectly inelastic

- b. is kinked at the profit maximizing price
 - c. coincides with its marginal revenue curve
 - d. lies above its marginal revenue curve
6. If average cost is declining, then,
- a. marginal cost must be greater than average cost
 - b. marginal cost must be less than average cost
 - c. average fixed cost curve must lie above average variable cost curve
 - d. total cost must also be declining
7. Counter cyclical discretionary fiscal policy calls for
- a. surpluses during recessions and deficits during inflationary booms
 - b. deficits during recessions and surpluses during inflationary booms
 - c. surpluses during both recessions and inflationary booms
 - d. deficits during both recessions and inflationary booms
8. If APC is 0.6 and MPC is 0.7, the immediate impact of an increase in personal taxes of Rs 20 will be to:
- a. have no effect on consumption
 - b. decrease consumption by Rs. 14
 - c. decrease consumption by Rs. 12
 - d. increase consumption by Rs. 14
9. The effect of a government surplus on the equilibrium level of NNP is substantially the same as:
- a. a decrease in saving
 - b. an increase in saving
 - c. an increase in consumption
 - d. an increase in investment
10. The field of economics which examines the government expenditures and taxation is called
- a. public choice theory
 - b. political economy
 - c. public finance
 - d. collective economics
11. If a firm doubles its output in the long run and its unit costs of production decline, we can conclude that:
- a. technological progress has occurred
 - b. economies of scale are being realized
 - c. the firm is encountering diminishing returns
 - d. diseconomies of scale are being encountered
12. Shut down point is one where a firm
- a. Cannot reach a no profit no loss position
 - b. Can cover only the fixed costs
 - c. Can cover only variable costs
 - d. None of the above

PART – B

Answer any FIVE from the following question

(5 x 4 = 20 Marks)

13. If the total cost function of a company is $TC = 280 + 7Q + 4Q^2$, find the average cost and marginal cost at an output level of 7 units
14. Define isoquants and explain their properties
15. Explain the concept of prisoners' dilemma
16. Why long run average cost curve is called an envelope curve?
17. Explain the concept of breakeven analysis. Why do organisations consider this as an important measure?
18. Give a detailed description about different approaches to measure national income and its components
19. Distinguish between economies of scale and economies of scope

PART - C

(4 x 7= 28 Marks)

**Answer any four of the following questions
(question no. 20 is compulsory)**

20. Can nations achieve economic growth without development? Bring out the significance of economic growth and economic development in the context of India.
21. Define price elasticity of demand and explain its types. Elucidate the role and significance of price elasticity of demand while making decision by a managerial economist
22. Explain the types, principles and theories of taxes. Give a description about the taxation system followed in India
23. What is Cobb Douglas Production Function? Explain its properties
24. Explain the qualitative and quantitative measures of monetary policy adopted by Reserve Bank of India
25. Bring out the assumptions of a perfectly competitive market. How does a firm arrive at equilibrium price and output in the long run under perfect competition?
