

INDIAN MARITIME UNIVERSITY
(A Central University, Government of India)
END SEMESTER EXAMINATIONS- JUNE 2019
SEMESTER-I

M.B.A(Port and Shipping Management/International Transportation and
Logistics Management)
Managerial Economics
(PG21T2102/PG22T2102)

Date:18-06-2019

Time:3Hrs

Max Marks: 60

Pass Marks: 30

PART – A
(Answer all the Questions)

12 x 1 = 12

1. Managerial economics can be defined as
 - a. A exclusive field of irrationality theory
 - b. An application of economic theory for business decision making
 - c. A combination of economic theory with mathematics.
 - d. None of the above

2. When the price of an inferior commodity increases, other things remain constant, income effect of such price change would lead to _____.
 - a. More demand for such commodities
 - b. Less demand for such commodities
 - c. No effect on demand for such commodities
 - d. None of the above

3. Other things remain same, for a commodity having large number of substitutes, price elasticity of demand would be
 - a. Highly elastic
 - b. Relatively inelastic
 - c. Unitary elastic
 - d. Perfectly inelastic

4. The slope of an isoquant is
 - a. Economies of scope
 - b. Total product
 - c. The marginal rate of technical substitution
 - d. Economies of scope

5. Long run is a period in which
 - a. All factor inputs are variable
 - b. At least one factor input is fixed
 - c. Time is a constraint
 - d. The firm wants to increase plant size but cannot do so

6. Which one of the following is achieved when a company branches out in multiple product lines?
 - a. Economies of scale
 - b. Economies of scope
 - c. Increasing returns to scale
 - d. Diseconomies of scale

7. Perfect competition market is characterized by large number of firms selling
 - a. A unique product
 - b. A homogeneous product
 - c. A differentiated product
 - d. None of the above

8. Under monopoly competition, Average revenue curve is the _____ for the monopoly's output.
 - a. Supply curve
 - b. Demand curve
 - c. Price elasticity of demand
 - d. Elasticity of supply

9. A higher GDP per capita is not a reflection of improvement in quality of life because
 - a. It does not measure income
 - b. It measures only wealth
 - c. It does not measure quality of the products produced
 - d. It measures domestic production

10. Lower interest rates in an economy lead to
 - a. Increase cost of borrowing
 - b. Decrease consumption
 - c. Increase borrowing and spending
 - d. Recession

11. Economic growth is defined in a more
 - a. Broader way than economic development
 - b. Narrower way than economic development
 - c. Identical way to economic development
 - d. Unrelated to economic development

12. An increase in aggregate demand would lead to demand pull inflation when
- Aggregate supply is highly elastic
 - Aggregate supply is inelastic
 - Aggregate supply is perfectly elastic
 - Aggregate supply is perfectly inelastic

PART – B

(Answer any five out of seven)

5 x 4 = 20

13. Write a short note on Income Elasticity of Demand.
14. Define Cross Elasticity of Demand. Could promotional Elasticity be negative? Justify your answer. (2 marks + 2 marks)
15. Explain various types of returns to scale.
16. Discuss the relationship between average cost curve and marginal cost curve in the short run.
17. Elucidate various characteristics of a market under monopoly.
18. How does Balance of Trade affect Balance of Payments? Explain.
19. What are the various determinants of aggregate supply?

PART – C

(Question No.20 is compulsory and answer any three questions to be answered from the remaining)

4 x 7 = 28

20. Discuss various reasons for the downward slope of the demand curve.
21. Discuss various types of qualitative methods used for demand estimation.
22. Explain how is price and output determined under perfect competition in the short run and long run. Provide necessary diagrammatic representation whenever necessary.
23. State reasons for the 'U' shape of Long Run Average Cost Curve.
24. Write a note on various stages of business cycle along with necessary diagrammatic representation.
25. Discuss various measures that could be taken by a country to control inflation.
