



P.E.S. College of Engineering, Mandya - 571 401

(An Autonomous Institution affiliated to VTU, Belgaum)

First Semester - Master of Business Administration (MBA)

Make-up Examination; Feb - 2017

Business Economics

Time: 3 hrs

Max. Marks: 100

Notes : Answer all **FOUR** full questions from **PART- A** and **PART – B** is compulsory.

PART - A

- 1 a. Business economics is a subset of Economics. Discuss. 10
- b. Define a firm. List the differences between Firm and an Industry. Discuss the economic objectives of a firm. 10

OR

- 2 a. State the law of demand. Explain the exceptions of law of demand. 10
- b. Explain the uses of price elasticity of demand in managerial decision making. 10
- 3 a. Define production. Discuss the law of variable returns in short run. 10
- b. Distinguish between perfect competition and monopolistic competition. 10

OR

- 4 a. Define monopoly market. Explain the concept of discriminating pricing in monopoly market structure. Can a Monopolist too incur loss? Explain. 10
- b. Define profit. Explain the determinants of short term and long term profits. 10
- 5 a. What is Break even analysis? Discuss the limitations and uses of BEA. 10
- b. Explain circular flows in simple economy. 10

OR

- 6 a. Explain the different phases in Business cycle. 10
- b. Explain the functions of RBI. 10
- 7 a. Explain different kinds of inflation and discuss the effects of inflation on the economy. 10
- b. Define fiscal and monetary policies. Explain the various tools of monetary policy. 10

OR

- 8 a. Write short notes on :
- i) Opportunity cost 10
- ii) Iso quant's
- b. Define Economic growth. Explain the determinants of economic growth. 10

PART - B9. **Case Study: (Compulsory)**

In the last mango season the prices of a particular type of mango has reduced from Rs. 120/kg to Rs. 40/kg over a period of 3 months. Keeping the price range as background, develop a Price Demand schedule for:

a) Individual Demand (considering at least 3 individual buyers)

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b) Market Demand. Plot the schedule graphically.

For the quantities demanded at Rs. 120 and Rs. 40, calculate the Price Elasticity of demand for the first buyer.

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