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

(An Autonomous Institution affiliated to VTU, Belagavi)

First Semester, Master of Business Administration (MBA)

Semester End Examination; Jan. - 2020

Business Economics

Time: 3 hrs *Max. Marks: 100*

Note: *Answer all* ***FOUR*** *full questions from* ***PART - A*** *and* ***PART - B*** *(Case study) is compulsory.*

Q. No.	Questions	Marks
	PART - A	
1 a.	Define Managerial Economics. Chart out the types of Economic Analysis.	10
b.	Define firm. Explain the different forms of firms in India in the present scenario.	10
	OR	
2 a.	Summarize the role and significance of Managerial, Economics in important decisions of Business.	10
b.	Illustrate the Economic Principles Relevant to Managerial Decisions.	10
3 a.	Explain the different Degrees of price elasticity of demand.	10
b.	Demonstrate the Categorization of Demand Forecasting.	10
	OR	
4 a.	What are Isoquants? Explain the special shapes of Isoquants and Isocost lines.	10
b.	Demonstrate the Producer's Equilibrium.	10
5 a.	What is Oligopoly? Explain the features of Oligopoly.	10
b.	Explain the significance of kinked demand curve in today's Business world.	10
	OR	
6 a.	Assess how BEA has made the organization smooth in its functionality?	10
b.	Discuss the features of Monopoly in the market.	10
7 a.	Explain the policy measures to control inflation in India.	10
b.	Explain the macro economic variables for the circular flow of income in a country.	10
	OR	
8 a.	Explain the important effects of Inflation in a country.	10
b.	Discuss the phases of Business cycle in an economy and its implication.	10

PART - B (Case Study Compulsory)

9. Consider the following production function for bus transportation in a particular city:

   α 12 Kβ 3 Q L Fβ B = where = L. Fuel input in gallons = K, Capital input in number of busses = L, Labor input in worker hours = Q, Output in millions of bus miles We estimate the various parameters as follows using historical data: =α = 1 β.0012 .45 = 2β .20 = 3β .30

   a) Determine output elasticities for Labor, Fuel and Capital. 5

   b) Suppose that labor hours increase by 10%, by what percentage will output increase? 5

   c) Suppose that every year, 3% of the buses are taken out of service? What effect will this have on output? 5

   d) Suppose that we increase all inputs by 10% what will happen to output? 5

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