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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 ii) Iso quant's	10
b.	Define Economic growth. Explain the determinants of economic growth.	10

PART - B

9. **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)   20

   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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