

PARUL UNIVERSITY
FACULTY OF MANAGEMENT
MBA Winter 2017 - 18 Examination

Semester: 1

Date: 03/01/2018

Subject Code: 06200105

Time: 02:00 pm to 04:30 pm

Subject Name: Business Economics & Environment

Total Marks: 60

Instructions

1. All questions are compulsory.
2. Figures to the right indicate full marks.
3. Make suitable assumptions wherever necessary.
4. Start new question on new page.

Q.1 Do as Directed.**A). Multiple choice type questions/Fill in the blanks. (Each of 1 mark) (05)**

1. People make decisions at the margin by

A. Following tradition	B. Experience
C. Comparing costs and benefits	D. Calculation costs
2. _____ is a measure of how much the quantity supplied of a good responds to a change in the price of that good, computed as the percentage change in quantity supplied divided by the percentage change in price.

A. Price elasticity of supply	B. Price elasticity of Demand
C. Law of supply	D. Law of demand
3. Many firms selling products that are similar but not identical happens in _____.

A. Monopoly	B. Oligopoly
C. Monopolistic Competition	D. Perfect Competition
4. According to the _____ approach, money supply should be defined as a weighted sum of currency, demand deposits and all the deposits and claims against financial intermediaries.

A. Gurley Shaw approach	B. Central Bank approach
C. Chicago Approach	D. None
5. The elasticity of salt is

A. 1	B. >1
C. <1	D. 0

B). Define the following. (Each of 1 mark) (05)

1. Prisoner's dilemma.
2. Phillips curve.
3. Differentiate between nominal and Real GDP.
4. Explain law of demand.
5. Economic environment.

C). Direct questions. (Each of 1 mark) (05)

1. What is business environment?
2. What do you understand by price elasticity of demand?
3. Differentiate between Microeconomics and Macroeconomics.
4. Differentiate between economic profit and accounting profit.
5. Discuss about characteristics of Oligopoly.

Q.2 Answer the following questions.

A). What is micro environment? How does it affect working of an economy? Explain its components. (07)

B).

Quantity	FC	VC	TC	MC	AFC	AVC	ATC
1	100	50		-			
2				50			
3						40	
4			270				
5							70

(08)

Calculate the remaining cost values.

Q.3 Answer the following questions.

A). Draw and explain the various cost curves for a typical firm. (07)

B). What is Money? Discuss different functions of Money. (08)

Q.4 Attempt any two questions. (Each of 7.5 mark)

(15)

1. Differentiate between perfect competition and monopolistic competition.
2. What is monopoly? Discuss about main sources of barriers to entry in monopoly.
3. Draw the circular flow of income of a two sector economy and explain.
4. Discuss under which conditions will a firm shut down temporarily and condition in which it will decide to exit a market.