

PARUL UNIVERSITY
FACULTY OF MANAGEMENT
MBA Summer 2017 - 18 Examination

Semester:1
Subject Code: 06200105
Subject Name: Business Economics & Environment

Date: 08/06/2018
Time: 10.30 am to 1.00 pm
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. Which of the following is an exception to the law of demand

a) Mangoes	c) Equity Shares
b) Oranges	d) Air fare
- 2 Which of the following is likely to have the most inelastic demand?

a) Common Salt	c) Sugar
b) Petrol	d) Air conditioners
- 3 A firm's Marginal Revenue, Average Revenue and Price are all equal. The firm is a

a) Oligopolistic firm	c) Monopoly
b) Perfect competitive firm	d) Monopolistic competitive firm.
- 4 Ford Motors is an American company operating in India. Its earnings will be included in

a) GDP of India	c) GDP of USA
b) GNP of India	d) All of the above.
- 5 In Monopoly, the ----- degree of price discrimination is when the seller knows exactly how much each of his buyers can pay.

a) First	c) Second
b) Third	d) Fourth

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

1. GDP
2. Cartel
3. Marginal Cost
4. Fiat Money
5. High Power Money.

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

1. What is derived demand? Give an example.
2. What is dominant strategy?
3. State the law of demand.
4. What is demand pull inflation?
5. What do you understand by economies of scale?

Q.2 Answer the following questions.

What is market equilibrium? Explain with the help of graphs what happens when

- A).a) The demand is kept constant and the supply shifts to positive side (07)**
 b) When the supply is kept constant and the demand shifts to negative side.

B). Explain the various elements of the Internal Environment of an organization. (08)

Q.3 Answer the following questions.

A). Explain in brief the classification of industry on the basis of competitive structure. (07)

B).What is inflation and what is unemployment? Explain their relationship with the help of a graph. (08)

Q.4 Attempt any two questions. (Each of 7.5 mark)**(15)**

- 1.Explain the Keynesian theory of demand for money.

2. Draw the Circular Flow of Income diagram for a two sector economy and explain why income is equal to consumption.

3. Complete the following table for a company whose Fixed cost is RS3000/-

Qty	Variable cost	Fixed cost	Total Cost	Avg Var. Cost	Avg. Fix Cost	Marginal cost
0	0					
1	200					
2	500					
3	900					
4	1400					
5	2000					
6	2700					

4. Can perfect competition exist in reality? Why or why not? Give reasons.