

PARUL UNIVERSITY
FACULTY OF MANAGEMENT
IMBA Winter 2019 - 20 Examination

Semester: 3
Subject Code: 06200105
Subject Name: Business Economics & Environment

Date: 14/12/2019
Time: 2:00 pm to 4:30 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. Factor/s responsible for creating conditions for emergence and growth of monopoly is/are _____ .

a) patents	c) control over strategic raw material
b) licensing	d) all a, b, and c
2. Demand is a function of _____.

a) price	c) product
b) cost	d) firm
3. In case of monopoly, a firm in the long run can have _____.

a) loss	c) profit
b) break even	d) all a, b, and c
4. Shifts in demand curve include _____.

a) extension in demand	c) contraction in demand
b) increase in demand (Upward shift)	d) None of the above
5. An economy that interacts freely with other economies is known as _____.

a) an import economy	c) an export economy
b) a balanced trade economy	d) an open economy

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

1. Inflation
2. Consumer Surplus
3. Income elasticity of demand
4. Marginal utility
5. National Income

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

1. Describe the slope supply curve in long run in which production costs increase as output rises?
2. What is the relationship between AR and MR in Monopoly?
3. Is real interest rate always greater than nominal rate? And why?
4. Describe Complementary goods
5. What is Nash's equilibrium?

Q.2 Answer the following questions.

A). What are the differences between the short-run Phillips curve and the long-run Phillips curve? (07)

B). Define AVC, AFC, ATC and MC. Discuss relationship among them in short run. (08)

Q.3 Answer the following questions.

A). Explain a model of circular flow of two sector economy in detail. (07)

B). Name the four determinants of productivity and explain them in brief. (08)

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

1. Person A's income declines and as a result, he buys more spinach. Is spinach an inferior or a normal good? What happens to person A's demand curve for spinach?

2. Explain price elasticity with reference to the Petroleum Products i.e. petrol
3. Among monopoly, oligopoly, monopolistic competition, and perfect competition, how would you classify the markets for any three of the following? Give reasons.
 - a. Indian airlines in India
 - b. Vegetable market
 - c. Indian Railways
 - d. Mobile
4. Suppose you have just started a venture of manufacturing bottles of biodegradable plastic. Discuss the internal and external factors you need to deal with for the success in the competitive environment.