

PARUL UNIVERSITY
FACULTY OF MANAGEMENT STUDIES
IMBA Summer 2018 - 19 Examination

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

Date: 21/05/2019
Time: 02:00 pm to 04:30 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. Which of the following is an exception to the law of demand

a) Equity shares	c) Houses
b) Cars	d) None of the above
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. Tata JLR is an Indian company operating in UK. Its earnings will be included in

a) GDP of India	c) GNP of UK
b) GNP of India	d) All of the above.
5. Which of the following gives rise to Monopoly

a) Government Regulations	c) Sole control over raw materials
b) Patents	d) All of the above

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

1. GDP
2. Unitary Elasticity
3. Replacement Cost
4. Cartel
5. Marginal Cost

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.**A). What is market equilibrium? Explain with the help of graphs what happens when**

- a) The supply is kept constant and the demand shifts to positive side **(07)**
- b) When the demand is kept constant and the supply 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? Explain two methods of dealing with inflation.****(08)****Q.4 Attempt any two questions. (Each of 7.5 mark)****(15)**

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

3. Explain with the help of graphs the following cost curves of a typical firm. Average Fixed Cost, Average Variable Cost, Average Total Cost, Marginal Cost. Draw these graphs in a single diagram to show the relative positions of different costs.
4. Can perfect competition exist in reality? Why or why not? Give reasons.