Online PGDM

First Year, Trimester 1, June 2024

Course Name : Business Economics **Max Marks : 70**

Course Code : 1101 **Max Time : 2 hrs**

Instructions for Students: All questions are compulsory.
Write your answers clearly and concisely.
Support your answers with relevant examples and diagrams where necessary.
Each answer should be written in your own words.

Section A : Objective Type Questions Max. Marks-20

Question 1: The law of demand states that, all else being equal:
A. As the price of a good increases, the quantity demanded increases.
B. As the price of a good decreases, the quantity demanded decreases.
C. As the price of a good increases, the quantity demanded decreases.
D. The price of a good does not affect the quantity demanded.

Question 2: Which of the following factors does NOT shift the demand curve for a good?
A. Change in consumer income
B. Change in the price of the good
C. Change in consumer tastes and preferences
D. Change in the price of related goods

Question 3: If the price elasticity of demand for a product is greater than 1, the demand for the product is considered:
A. Inelastic
B. Unitary elastic
C. Elastic
D. Perfectly inelastic

Question 4: The law of supply states that, all else being equal:
A. As the price of a good increases, the quantity supplied decreases.
B. As the price of a good decreases, the quantity supplied increases.
C. As the price of a good increases, the quantity supplied increases.
D. The price of a good does not affect the quantity supplied.

Question 5: Market equilibrium occurs when:
A. Demand exceeds supply

B. Supply exceeds demand
C. Quantity demanded equals quantity supplied
D. Price is maximized

Question 6: Which of the following would cause a movement along the demand curve for a product?
A. An increase in consumer income
B. A decrease in the price of the product
C. A change in consumer preferences
D. An increase in the price of a substitute good

Question 7: If a 10% increase in the price of a good leads to a 5% decrease in quantity demanded, the price elasticity of demand is:
A. 0.5
B. 1
C. 1.5
D. 2

Question 8: Which of the following would NOT cause a shift in the supply curve for a product?
A. A technological advancement in the production process
B. A decrease in the price of the product
C. An increase in the number of suppliers
D. A change in the price of inputs used to produce the product

Question 9: When there is a surplus in the market:
A. Quantity demanded exceeds quantity supplied
B. Quantity supplied exceeds quantity demanded
C. The market is in equilibrium
D. Prices will rise to eliminate the surplus

Question 10: Which type of good typically has a high price elasticity of demand?
A. Necessity goods
B. Luxury goods
C. Inferior goods
D. Complementary goods

Section B : Subjective Type Questions (Short Answer Questions) Max. Marks-10

1. Explain the concept of marginal product of labor (MPL).
2. What is the law of diminishing returns?
3. Distinguish between fixed costs and variable costs.
4. How do economies of scale affect the cost structure of a firm?
5. Explain the concept of the short-run average cost (SRAC) curve and its typical shape.

Section C : Subjective Type Questions (Long Answer Questions) Max.Marks-40

1. Compare and contrast perfect competition and monopoly. How do they differ in terms of market power, pricing, and efficiency? [10 Marks]

2. Describe the characteristics of monopolistic competition. How does product differentiation impact this market structure? [10 Marks]

3. Explain the concept of oligopoly and the role of strategic behavior in this market structure. How do firms in an oligopoly market determine their pricing and output decisions? [20 Marks]