

Reg No.: \_\_\_\_\_

Name: \_\_\_\_\_

**APJ ABDUL KALAM TECHNOLOGICAL UNIVERSITY**

First Semester MBA Degree Regular and Supplementary Examination December 2022

**Course Code: 20MBA107****Course Name: BUSINESS ECONOMICS**

Max. Marks: 60

Duration: 3 Hours

**PART A***Answer all questions. Each question carries 2 marks*

Marks

- |   |   |     |
|---|---|-----|
| 1 | We often use Managerial and Business Economics synonymously. Justify? | (2) |
| 2 | Explain Law of equi-marginal utility.                                 | (2) |
| 3 | Enumerate the factors influencing supply.                             | (2) |
| 4 | Describe Kinked demand curve.   | (2) |
| 5 | Discuss the different Phases of Business Cycles.                      | (2) |

**PART B***Answer any 3 questions. Each question carries 10 marks*

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|----|---|------|
| 6  | Distinguish between demand pull and cost pull inflation. Enumerate the underlying causes of each.   | (10) |
| 7  | Analyze the concept of price elasticity of demand and examine the various methods of its measurements.  | (10) |
| 8  | Examine the production function with two variable inputs.   | (10) |
| 9  | Which between monopolistic competition and monopoly is economically more efficient in allocation of resources? Support your answer with a graphical representation. | (10) |
| 10 | Elaborate the various pricing strategies with examples?   | (10) |

**PART C***Compulsory question carrying 20 marks*

- 11 With the rising oil prices, countries are going all out to reduce the consumption of petroleum products, more specifically, petrol. Many countries have launched projects for the development of commercially viable substitutes for petrol. However, this will yield results only in the long run. In the meantime, most

countries are trying to popularize public transport system to reduce the use of private vehicles.

The income elasticity of expenditure on private vehicles has been estimated to be approximately 2.5 for the fairly well-developed countries. Some countries, such as India, are quite frustrated because the shift towards public transport is not taking place, despite reduction in the fare. The profile of the users of public transport is as follows:

They belong to the middle and low-income categories, with income elasticity less than one and the absolute value of price elasticity also less than one.

- (a) Analyze why the public transport is not becoming popular, and why the use of private vehicles is only continuing to increase. (10)
- (b) Evaluate the details on the profile of the users of public transport to argue why a reduction in the fare is a wrong strategy for that segment. (10)

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