



BRAINWARE UNIVERSITY

Course – MBA

Business Economics (Micro & Macro) (MBA101)

(Semester – 1)

Time allotted: 3 Hours

Full Marks: 70

[The figure in the margin indicates full marks. Candidates are required to give their answers in their own words as far as practicable.]

Group –A

(Multiple Choice Type Question)

1) Choose the correct alternatives for the following:

10 x 1 = 10

i) The Profit Maximising Condition for a Monopolist is

- a) $MR=MC$ b) $MR>MC$ c) $MR<MC$ d) $TR=TC$

ii) Government's Income is

- a) taxes b) transfer payments c) export earnings d) investment expenditure

iii) The form of market characterised by a single seller is called

- a) Duopoly b) Monopoly c) Monopsony d) Perfect Competition

iv) The rate of change of consumption with income is called

- a) marginal propensity to consume b) marginal propensity to save
c) autonomous consumption d) autonomous savings.

v) If there is excess demand in the market

- a) price remains constant b) price rises c) price falls d) none of these.

vi) An example of a monopolistically competitive market is

- a) automobile b) fish market c) restaurant d) none of these

vii) Monopsony is a market characterised by

- a) single seller b) single buyer c) large number of buyer and seller. d) two sellers
- viii) Closed economy does not have the a) Household sector b) Industrial Sector
c) Government Sector d) Foreign Sector
- ix) If the marginal propensity to save is .34 then the marginal propensity to consume is
a) .65 b) .98 c) .34 d) .66
- x) An example of Cooperative Duopoly is
a) Coco Cola Pepsi b) Tata Sky c) Indian Railway d) CESC (Calcutta Electric Supply Corporation)

Group – B

(Short Answer Type Question)

Answer any three questions

3 x 5 = 15

- 2) Differentiate between autonomous consumption and marginal propensity to consume.
- 3) What do you understand by dead weight loss of an indirect tax levied on a commodity?
- 4) “Duopoly is a market characterized by two sellers. “In this context explain what is meant by Non-Cooperative Duopoly. Give examples to illustrate your answer
- 5) Write a short note on Prisoners’ Dilemma.
- 6) Suppose the demand function for a product is given as $Q=500-5P$ Find out
 - a) Quantity demanded at price Rs 15
 - b) Price to sell 200 units
 - c) Price for zero demand
 - d) Quantity demanded at zero price

Group – C

(Long Answer Type Question)

Answer any three questions

3 x 15 = 45

- 8) a) “Supply of raw materials gives the monopoly power to the Monopolist. “Do you accept the view?” Discuss what are the other sources of monopoly power of a producer giving examples in each case.
- b) What are the postulates that guides a perfect market? How imperfect market does violates the postulates of a perfect market. Explanation must be backed by examples.

[6+9=15]

9) a) Explain the National Income Accounting Identity from the Income and Expenditure side of the National Income Accounts. In this context explain the four important sectors of the economy.

b) Why do you think Imperfect or Incomplete Information creates dilemma or indecision in a player's mind. With the help of a payoff matrix show how this Dilemma is put to practice for Coca-Cola and Pepsi.

[8+7=15]

10) a) "Consumption is a stable and rising function of disposable income." Examine the statement graphically and mathematically.

b) Find S if $C = 89 + .79Y$ Derive the savings function and represent it graphically.

[8+7=15]

11) a) "Price Discrimination means charging different prices for the same commodity in two different markets." In this context discuss in detail the three degrees of Price Discrimination as practiced by a monopolist.

b) By the policy of Block Pricing Consumer surplus is extracted from the consumer. Explain in detail the Block Pricing Practice and the practice of market segmentation.

[8+7=15]

12) a) What do you understand by market equilibrium.

b) Determine both graphically and mathematically the equilibrium price and output combination is $Q_d = 8000 - 1000P_x$ $Q_s = -4000 + 2000P_x$

c) In a two factor model of production show how the producers' equilibrium is determined.

[3+5+7=15]