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PD - 611

I Semester M.B.A. (Day/Evening) Degree Examination, January/February 2007  
(Updated Scheme)

1.2 : BUSINESS ECONOMICS

Time: 3 Hours

Max. Marks: 75

SECTION - A

1. Answer **any six** of the following sub-questions. **Each** sub-question carries 2 marks. (6×2=12)
- What is 'Cost' ?
  - Explain the concept of Discounting.
  - What do you mean by 'Equilibrium of the firm' ?
  - Explain the concept of Economies of scale.
  - What is Perfect Competition ?
  - Define Cost-plus-Pricing.
  - Explain the concept of GDP.
  - What is Recession ?
  - What is Cost-Push Inflation ?

SECTION - B

Answer **any four** of the following. **Each** question carries 5 marks. (4×5=20)

- Explain the main features of the cardinal utility theory.
- What is the relevance of 'Production function' in an organization ?
- Distinguish between monopoly and oligopoly.
- Briefly explain the features of the Managerial Discretion Model of a firm.
- What is the significance of fiscal policy in a fast track economy ?
- Write a note on recent changes in Telecom Sector in India.

P.T.O.

SECTION - C

Answer **any three** of the following. **Each** question carries **10** marks. (3×10=30)

8. Examine the relationship between cost functions and production functions. Discuss its relevance for business policy decisions.
9. Examine the pricing policy decisions and their features under Monopolistic market conditions.
10. Compare and contrast the managerial enterprises model and behavioural model in terms of their understanding and characterization of a firm.
11. Bring out the relationship between supply, demand, price and output. Illustrate with a suitable diagram.
12. Write a critical note on the financial sector reforms in India.

SECTION - D

Answer the following :

(1×13=13)

13. Bright Ltd., is a market leader in detergents since seven years. Put together both powder and liquid detergents, its brand "klean-kloth" currently enjoys a 27% market share. Inspired by their success in the detergent segment, the company attempted to enter the bath-soap segment, with a similar production and marketing strategy. In 2005 it introduced its twin products, cake and liquid bath soap, with the name 'klean-skin'. Its advertisements in the media showed the same person using both the detergents and bath soap. The same advertisement carried both the products. The new product was released in all the areas by using the same dealers who distributed the detergent.

However, the year-end evaluation by the company showed that the customer response to klean-skin was lukewarm. Not only that the new product did not fare well, but for the first time in seven years, the rate of growth of demand for klean-kloth, showed a decline.

Worried over the developments Bright Ltd. seeks to make a thorough analysis of the situation.

CASE

Poser :

You are asked to take over the industry to review the demand for the product. In this regard work out demand forecasting techniques and give new life for the product.

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