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**MBAS 405**

**I Semester M.B.A. Degree Examination, August 2021**  
**(Choice Based Credit System)**  
**BUSINESS ADMINISTRATION**  
**Economics for Managers**

Time : 3 Hours

Max. Marks : 70

**SECTION – A**  
**(Compulsory)**

Answer to the question should **not** exceed **6** pages. **(1×15=15)**

1. What is National Income ? What are its components ? Examine the methods of measuring National Income.

**SECTION – B**

Answer **any five** questions. **Each** question carries **8** marks. Answer to **each** question should **not** exceed **5** pages. **(5×8=40)**

2. Discuss the all types of Price Elasticity of Demand with suitable diagram.
3. A firm increases its advertising expenditure from Rs. 60,000 to Rs. 75,000. Its sales increase by 20% from the initial volume of Rs. 90,000 units. Measure the promotional elasticity of demand.
4. Bring out any five cost components with appropriate diagram.
5. Explain the various components of Fiscal Policy.
6. Discuss Risk and Innovation Theory of Profit.
7. Are cyclical fluctuations necessary for economic growth ? Critically comment.
8. Explain pricing strategy under any two market conditions.
9. Briefly discuss any three theories of business cycle.

P.T.O.



**SECTION – C  
(Compulsory)**

Answer to the questions should **not** exceed **6** pages. **(1×15=15)**

10. Suppose that you are a member of the Board of Governors of the RBI. The economy is experiencing a sharp and prolonged inflationary trend. What changes in

- i) Bank Rate Ratio
- ii) Variable Rate Ratio and
- iii) Open Market Operations

Would you recommend ? In each case, explain 'how the changes you advocate would affect commercial bank reserves, the money supply, interest rates and aggregate demand'.