

Total No. of Questions : 5]

SEAT No. :

P1337

[5365]-102

[Total No. of Pages : 2

M.B.A.

**ECONOMIC ANALYSIS FOR BUSINESS DECISIONS**

**(2013 Pattern) (Semester - I) (CBCS)**

*Time : 2½ Hours]*

*[Max. Marks : 50*

*Instructions to the candidates:*

- 1) *All questions are compulsory.*
- 2) *Each question has an internal option.*
- 3) *Each question carries 10 marks.*
- 4) *Figures to the right indicate marks for that question/sub question.*
- 5) *Your answers should be specific and to the point.*
- 6) *Support your answers with suitable live examples.*
- 7) *Draw neat diagrams and illustrations supportive to your answer.*
- 8) *Use of calculator is permitted (as applicable).*

- Q1) a) i) Explain Circular Flow of economic activity in a two-sector model. [5]**  
ii) State the role of 'Invisible Hands' in price mechanism. [5]

**OR**

- b) i) What is Principal-Agent problem and how can it be minimized? [4]  
ii) Explain maximizing, satisficing & optimizing strategies. [6]

- Q2) a) How Price and output are determined under Monopoly in Short-run and Long-run? [10]**

**OR**

- b) How would the demand curve (with respect to price) of the following commodities look like and why? Draw suitable diagrams to explain. [10]
- i) Life saving drugs
  - ii) Safety pins
  - iii) Designer watches
  - iv) Beedi
  - v) Readymade apparels

*P.T.O.*

- Q3) a) i) Why cost curves are 'U' in shape? [5]**  
ii) "Diversification is a tool of Risk Management". Justify with suitable example. [5]

**OR**

- b) i) From the following information find amount of profit earned during the year using Marginal Costing technique. [5]**  
Fixed Cost = Rs. 2,50,000/-  
Variable Cost = Rs. 10 per unit  
Output level = 75,000  
Selling price = Rs. 15 per unit
- ii) How Hedging is used in Foreign Exchange Risk Management? [5]**
- Q4) a) Explain in detail the SEBI guidelines for Primary markets. How does SEBI protect the interest of investors? [10]**

**OR**

- b) i) How stock exchanges have evolved in India? [5]**  
ii) Is speculation essential in Stock Exchange? [5]
- Q5) a) i) What do you understand by Revenue Account and Capital Account in Union Budget of India? [6]**  
ii) Differentiate between Fiscal Deficit and Revenue Deficit. [4]

**OR**

- b) What is World Trade Organization? Explain its role and functions. [10]**

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