Dr. BabasahebAmbedkar Open University
Term End Examination July – 2019

Course	:	**PGDBA**	**Date**	:	**18/07/2019**
Subject Code	:	**PGDBA-102**	**Time**	:	**03:00pm to 06:00pm**
Subject Name	:	**Economic Environment for Business**	**Duration**	:	**03 Hours**
			Max. Marks	:	**70**

Section A

Answer the following (Attempt any three) **(30)**

1. Discuss wealth definition of economics and explain the merits and demerits of Microeconomics in brief
2. Discuss the main three factors of production in detail
3. Define the demand and Explain various determinants of demand in detail
4. What are the properties of indifference curve? Explain
5. Write a short note on delphi and collective opinion methods of demand forecasting

Section B

Answer the following (Attempt any four) **(20)**

1. What is an economy? What are the basic problems of an economy?
2. Write a short note on law of supply
3. Explain the types production function
4. What do you mean by perfect competition market? Explain its characteristics in brief
5. What is wages? List out various theories of wages
6. Write a short note on Ricardian theory of rent

Section C

Part – A (Multiple Choice Questions) **(10)**

1 Which of the following definition of economics was given by Adam smith?

A Wealth B Welfare
C Scarcity D None of these

2 A _____ is an economic system, which combines the features of both the free enterprise and socialist economic systems

A Capitalist economy B Mixed economy
C Socialist economy D None of these

3 Which of the following are primary functions of money?

A Medium of Exchange B Money as a Standard Measure of Value
C Both A & B D None of these

4 When demand of a product is dependent and associated with the demand of any other product, it is called _____

A Companies demand B Industry Demand
C Autonomous Demand D Derived Demand

5 What a consumer can actually buy depends on the _____and the prices of goods he wants to buy

A Income at his disposal B Total income
C Family income D None of these

6 When the price of a commodity falls, it becomes relatively cheaper, so the consumer is induced to buy more of it, its _____ effect

A Income effect B Substitution effect
C Price D None of these

7 High level of taxes on semi-luxury and luxury goods such as electrical appliances, refrigerators, air-conditioners etc. would _____the demand for these goods

A Increase B Stable
C Decrease D None of these

8 It refers to a market here there is only one producer or only one seller for a commodity.

A Pure competition B Perfect competition
C Oligopoly D Monopoly

9 In simple terms, _____ is a payment / remuneration for work done

A Wages B Interest
C Commission D Dividend

10 The income derived from the ownership of land and other gifts of‘ nature is commonly called

A Interest B Rent
C Wages D profit

Part – B (Do as Directed) **(10)**

State Whether Following Statement are True or False

1 Managerial economics is studies how economic theories, concepts and tools of analysis can be applied to business decision-making

2 Remove all unnecessary restrictions on the free operation of competitive market is the primary role of government

3 The main business of reserve banks is to provide funds to farmers

4 “If the price of the good increases, the quantity demanded decreases, while if price of the good decreases, its quantity demanded increases”

5 Economics is the social science that analyses the production, distribution and consumption of goods and services

6 Production is the process of transforming outputs into inputs

7 An efficient demand forecast helps the management to take suitable managerial decisions

8 Duopoly is a market situation in which there are only two producers or sellers of a product who produce and sell almost identical product

9 Increase in the price of a factor will lead to increase in its demand

10 Interest as a price or compensation paid by the borrowers to the lenders of funds