3rd Semester Regular / Back Examination: 2021-22
ECONOMIC ANALYSIS
BRANCH(S): IMBA
Time : 3 Hour
Max Marks : 100
Q. Code : OF517

Answer Question No.1 (Part-1) which is compulsory, any eight from Part-II and any two from Part-III.

The figures in the right hand margin indicate marks.

Part-I

Q1 **Answer the following questions :**   (2 x 10)

a) Write any one definition of economics.
b) Why the concept of opportunity cost comes to mind while making a rational choice?
c) Write two lines about derived demand with example.
d) State the law of supply.
e) How utility becomes important for a commodity?
f) Write name of all four types of elasticity of demand.
g) How the technology plays an important role in production function.
h) Derive the total cost when total fixed cost equals to Rs.20, 000/- and total variable cost equals to Rs.8,000/-.
i) How the economy of scale is being maintained by the company?
j) How the profit is maximized using two determinants total revenue and total cost?

Part-II

Q2 **Focused-Short Answer Type Questions- (Answer Any EIGHT out of TWELVE)**   (6 x 8)

a) Explain the fundamental economic problems.
b) Analyze the law of Diminishing Marginal Utility giving suitable example using graph.
c) Distinguish between micro-economic and macro-economic with suitable examples
d) Analyze law of demand with the help of graph and cite some exemptions of law of demand.
e) What are the factors that cause the demand curve to shift? Illustrate graphically.
f) When an economy is growing at high rate resulting in employment and increase in individual's income, which type of goods are likely to face reduction in demand, justify.
g) The demand for apple in a small town was 200 kg and the price was Rs 20 per kg. It expanded to 250 kg when the price was reduced to Rs.18 per kg. Calculate the elasticity of demand for apples in the town.
h) Explain various factors of production.
i) Cost should be measured in the context of its objective. Mathematically we can express the cost function as :
    C= f (Q, T, Pf), Explain the terms.
j) Explain the concept of economics of scale.
k) Why short run marginal cost curve and short run average cost curve are 'U' shaped? Discuss with diagram.
l) Distinguish between positive cross price elasticity and negative cross price

elasticity of demand with example.

Only Long Answer Type Questions (Answer Any Two out of Four)

Q3 Discuss the principles of economics which help in effective managerial decision making. **(16)**

Q4 Discuss various types of elasticity of demand and explain any one method of measuring price elasticity of demand with the help of numerical example. **(16)**

Q5 Assume that a firm increases the productivity of workers through a special innovative learning and training. Discuss its effect on total product, average product and marginal product curves with reason. **(16)**

Q6 Discuss the classical theory of interest and compare it with Keynes's liquidity preference theory of interest. **(16)**