

Code No: 741AB**JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD****MBA I Semester Examinations, July/August - 2021****BUSINESS ECONOMICS****Time: 3 hours****Max.Marks:75**

Answer any five questions
All questions carry equal marks

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- 1.a) What is the nature of Business Economics? What are its relations to finance and marketing?
b) Shashank Construction Company borrows the entire cost of a new transport truck. The loan has an annual interest rate of 10 percent and calls for a monthly payments of Rs.10,000 over a five-year period What is the cost of the truck? [8+7]
- 2.a) Explain the difference between incremental concept and marginal concept.
b) Write short notes on:
i) Opportunity cost.
ii) Risk and uncertainty. [8+7]
- 3.a) What are the criteria for good demand forecasting?
b) State and explain the difference between a change in quantity demanded and a shift in demand. Which one of these is more relevant in practice? [8+7]
- 4.a) A manager believes that the demand for his product is given by the equation
 $P = 50 - Q/100$
i) What is the arc elasticity of demand as price decreases from Rs.12 to Rs.10.
ii) What is the arc elasticity of demand as price increases from Rs. 10 to Rs.12
b) How do you forecast demand with the help of 'economic barometers'? [8+7]
- 5.a) Explain briefly the cost-output relationship in the long run.
b) Given the following total revenue and cost functions
 $TR = 50Q$
 $TC = 10,000 + 30Q$
Determine the breakeven rate of output. [8+7]
- 6.a) Why a firm in perfectly competitive market cannot be a price maker, but only a price taker?
b) Distinguish between monopolistic and monopoly market. [8+7]
7. Discuss in detail the pricing strategies adopted at different stages of product life cycle. [15]
- 8.a) What is repo rate? What is reverse repo rate?
b) What is the significance of import policy to balance of trade? [8+7]

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