

Code No: 741AB

JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD**MBA I Semester Examinations, October/November - 2022****BUSINESS ECONOMICS****Time: 3hours****Max.Marks:75****Answer any five questions****All questions carry equal marks**

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- 1.a) Bring out the relationship between the following:
i) Business economics and Macro economics.
ii) Business economics and Operation Research.
b) Explain the difference between risk and uncertainty. [10+5]
- 2.a) State and explain law of equi-marginal utility.
b) State the incremental concept and explain its importance. [7+8]
- 3.a) Nitya Foods have observed that the demand for their lunch package has been significantly affected by the income level of residents in the neighborhood. After conducting study they found that the daily sale of its number of lunch package Q and average monthly income 'I' are related as
$$Q=500+0.02I$$

i) How many additional packages can Nitya Foods sell per month if the average monthly income of the residents goes up from Rs.20,000 to Rs.30,000.
ii) If percent average income of the residents is Rs.25,000 per month, which increases at the rate of Rs 2500 each year, by which year Nitya Foods should expect to sell 2000 lunch packages?
b) Distinguish between price and cross elasticity of demand. [8+7]
- 4.a) What are the determinants of cost behavior?
b) The total cost function for a manufacturing firm is estimated as $C= 128-6Q+2Q^2$
Determine the optimum level of output to be produced. [7+8]
- 5.a) What are the properties of isoquants?
b) Define production function and discuss its general characteristics. [7+8]
- 6.a) A local lawn care company is operating in a perfectly competitive environment and estimates that its short-run total costs are given by $TC=1000Q-30Q^2+Q^3$, where Q is the number lawns cared for. Below what price should the firm shut down its operations?
b) Discuss the different bases for classifying the oligopoly situation. [8+7]
- 7.a) How would a monopolist fix his price and output? Explain with necessary diagrams.
b) What are the consequences of perfect competition? [8+7]
- 8.a) Explain the differences between balance of payment and balance of trade. What is their importance to national economy?
b) Does RBI have any role in influencing fiscal policy? Explain your answer. [8+7]

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