Roll No. Total No. of Pages : 02

Total No. of Questions : 09

MBA (Executive) (Sem.–1)

MANAGING THE ECONOMIC DIMENSION

Subject Code : MBX-104

Paper ID : [74213]

Time : 3 Hrs. Max. Marks : 60

INSTRUCTIONS TO CANDIDATES :

1. SECTION-A contains TEN questions carrying TWO marks each and students has to attempt any EIGHT questions.
2. SECTIONS-B consists of SEVEN questions each carrying SEVEN marks each and student has to attempt any FIVE questions.
3. SECTION-C is consist of ONE Case Study carrying NINE marks.

SECTION-A

1. **Answer briefly :**
   a. How does managerial economics help in decision making?
   b. What is joint demand? Give example
   c. Differentiate between income elasticity of demand and price elasticity of demand?
   d. What are the limitations of demand forecasting?
   e. What are the main features of labour as a factor of production?
   f. How does change in bank rate control money supply in an economy?
   g. What is a monopoly market?
   h. Define National income.
   i. What is progressive tax rate system?
   j. What are the determinants of supply of a commodity?

SECTION-B

2. Define demand. What are the main determinants of demand?
3. What is the law of Diminishing Marginal utility? What are the limitations of the law?
4. What are fixed costs and variable costs? How does total fixed cost and total variable cost change with change in output in short run?

5. A firm operating in perfect competitive market suffers from losses in short run. For how long the firm will continue to operate?

6. Describe the income method of measurement of income.

7. Describe various causes of inflation.

8. What are trade cycles? Explain innovation theory of trade cycles.

SECTION-C

9. Case Study :

The estimates of national income depict a clear picture of standard of living of its citizens. The national income statistics diagnose the economic ills of the country and at the same time suggest remedies also. The rate of saving and investment in an economy depends on the national Income measures of the country. Moreover, the national income measures the flow of all commodities and services produced in an economy.

During the British period, several estimates of national income were made by bhai Naroji (1868), Findlay Shirras (1911, 1922 and 1934), Shah and Khambatta (1921), VKRV Rao (1925-29)and RC Desai (1934-40). Allmost all these estimates comuted the value of output raised by agricultural sector and then added some portion of the income earned by non-agricultural sector. Later VKRV Rao applied a combination of census of output and census of income methods. The whole economy was divided into two separate categories. Agriculture, pastures, forests, fishing, hunting, and mines were included in first category and output method was applied to it, while other activities like industry, trade, transport, administrative and public services, professions, liberal arts and domestic services were included in second category and income method was applied to derive national income earned from house property and other internal income along with total income earned from abroad was added to the two sub totals of the two sectors mentioned above. Pre independence estimates were conducted out of individual efforts and were subjected to serious limitations. As all these estimates were prepared at the personal level and hence, suffered from personal bias of the individuals. These estimates were not prepared as per the standard definition not prepared as per the standard definition and concept of the national income. Incomplete and unreliable data were used. Moreover, the estimates of national income were prepared at current prices only and for a particular year therefore could not be compared over the years. Although, Pre-independence estimates suffered from various difficulties and limitations, but it helped to provide significant information about economic conditions in the country prevailing during the period.

Questions :

Q1 What is the importance of national Income?

Q2 What are the difficulties of measuring national income in India?