

MBA DEGREE EXAMINATIONS: JULY 2013

First Semester

MASTER OF BUSINESS ADMINISTRATION

MBA618: Economics For Business

Time: Three Hours

Maximum Marks: 100

Case Study:-

PART A (1 x 20 = 20 Marks)

1. Retail inflation based on Consumer Price Index (CPI) for agricultural labourers rose to 12.7 per cent in May from 12.32 per cent in April, due to rise in the prices of food items and fuel, an official release said. Similarly, for rural labourers, it increased to 12.5 per cent in May from 12.15 per cent in April. "Point to point rate of inflation based on the CPI-AL and CPI-RL increased from 12.32 per cent and 12.15 per cent in April to 12.70 per cent and 12.50 per cent in May this year," the release said.

The Inflation based on food index of Consumer Price Index-Agriculture Labour (CPI-AL) and Consumer Price Index-Rural Labour (CPI-RL) are 13.37 per cent and 13.14 per cent, respectively in May, it said. According to the statement, West Bengal registered the maximum increase of 19 and 20 points, respectively for farm and rural workers, mainly due to increase in the prices of rice, wheat, meat goat, fish fresh, ginger, vegetables and fruits, gur, bidi, firewood, shirting cloth cotton (mill) and plastic shoes.

On the other hand, Bihar registered a decline of 11 points and 10 points, respectively for CPI-AL and CPI-RL due to decrease in the prices of rice, wheat/wheat atta, maize, onion and vegetable and fruits. The consumer price index for farm and rural workers in May increased by 8 points and 9 points, respectively to stand at 719 points (CPI-AL) and 720 points (CPI-RL).

The rise or fall in index varied from state to state. The index for farm workers recorded an increase which varied between 3 to 19 points in 19 states and a decrease of 11 points in one state. Karnataka with 792 points topped the index table whereas Himachal Pradesh with an index level of 560 points stood at the bottom.

On the other hand, the retail inflation index for farm workers recorded an increase between 2 to 20 points in 19 states and a decrease of 10 points in one state. Karnataka with 789 points topped the index table whereas Himachal Pradesh and Tripura with the index level of 592 points each stood at the bottom.

- a. Explain the current mechanism of controlling the inflationary prices by RBI.
- b. Comment on discriminatory inflation rates among different states.
- c. Why inflation rate are comparatively higher in rural areas. Jot down reasons for it.
- d. Quote the monetary policy reviews over the last 2 years and RBIs actions towards curbing inflation.

Answer all the Questions:-

PART B (10 x 2 = 20 Marks)

2. What is law of demand and supply along with Ceteris paribus?
3. What is Giffen's goods and Veblen's effect?
4. What is Isoquant?
5. What are complementary and substitutes good with suitable examples?
6. Jot down the factors determining the price elasticity of demand.
7. What do you mean by opportunity cost and incremental cost?
8. What do you mean oligopoly? Explain its types.
9. What are the pricing strategies adopted to market the low quality products?
10. Differentiate monetary and fiscal policy?
11. What is money equilibrium?

PART C (4 x 15 = 60 Marks)

12. a) Describe the inter disciplinary relationship of economics and its applications in various fields.

(OR)

- b) Elucidate the different types of demand with suitable live examples.

13. a) Explain in detail the different types of price elasticity of demand with suitable diagrams and examples.

(OR)

- b) Explain different pricing strategies & policies with suitable examples.

14. a) Explain in detail the price output relationship and equilibrium under monopoly & monopolistic conditions.

(OR)

b) Explain inflation & measures to control the ill-effects of inflation.

15. a) (i) Explain in details of the unemployment problems of India. (8)

(ii) Explain the various monetary policy adopted by RBI. (7)

(OR)

b) Enumerate the various trade cycle theories.
