

Register No.: ..... Name.: .....

**SAINTGITS COLLEGE OF ENGINEERING (AUTONOMOUS)**

(AFFILIATED TO APJ ABDUL KALAM TECHNOLOGICAL UNIVERSITY, THIRUVANANTHAPURAM)

**FIRST SEMESTER MBA DEGREE EXAMINATION (S), MAY 2022****(2021 Scheme)****Course Code: 21MBA107****Course Name: BUSINESS ECONOMICS****Max. Marks : 60****Duration: 3 Hours****PART A***(Answer all questions. Each question carries 2 marks)*

1. Define Profit Wage Spiral
2. Explain the conditions under which a competitive firm would close down its business in the short run. Recall that specific point.
3. Show Law of returns to Scale and its different types
4. What are the exceptions of Law of demand?
5. Explain Business Cycle and its different phases.

**PART B***(Answer any 3 questions. Each question carries 10 marks)*

6. Analyse the different Monetary policy measures and fiscal policy measures. How do they work?

7. Explain the concept "Elasticity of demand" and the factors affecting elasticity of demand with examples.

8. Justify how the knowledge of economics and its principles helps managers in making effective decisions
9. What are the assumptions behind the existence of kinked demand curve? Using Kinked demand curve model explain the demand, cost and revenue curve of a firm, depending upon the reaction of its rival firms.
10. Examine the Law of returns to variable proportion and different stages of variable proportion with diagram.

**PART C***(Compulsory question, the question carries 20 marks)*

11. Corona virus is shaking up business and consumer behavior on a massive scale. Both the public and private sectors are scrambling to slow the spread of the illness and contain COVID-19 infections. While the full economic consequences of this event are still unclear, we know that the effects of the virus and the drastic measures being taken to contain it are already precipitating change across industries. The country's largest carmaker Maruti Suzuki India (MSI) reported a 4 per cent decline in total sales to 159,691 units in April,2020 as compared to 167,014 units in March,2020 as a spike in

COVID-19 cases hit dispatches. It will continue to witness pressure due to surge in input materials cost even though the company sees expected recovery in demand. Though the company tried to pass on some of the increased cost to customers by undertaking three rounds of price hikes, but it showed inability to take any significant price increase. Auto sales have been in the slow lane even before the pandemic. Two waves of Covid-19 have washed away gains, forcing automakers to shut production and dealerships. There have also been loss of jobs and severe cut in salary leading to decrease in demand by the employees.

a) Categorize the pricing strategies that can be adopted by the company under such a situation and discuss the market structure of the company mentioned in the study.

Marks (8)

b) Under what circumstance an organization will gain super normal profits, normal profits or loss? Explain with diagram.

Marks (6)

c) Discuss the suitable measures to increase the demand and to overcome the crisis.

Marks (6)

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