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Total No. of Pages: 03

Total No. of Questions: 07

Master of Science (Fashion Marketing Management) (Sem. – 1)

BASICS OF ECONOMICS

Subject Code: MSFMM-107-18 (Non-Core)

M Code: 75290

Date of Examination : 20-01-23

Time: 3 Hrs.

Max. Marks: 60

INSTRUCTIONS TO CANDIDATES:

1. SECTION-A is COMPULSORY and Students have to attempt TWENTY questions carrying ONE mark each.
2. SECTIONS-B consists of THREE Sub-sections : Units-I, II, & III. Each Sub-section contains TWO questions each, carrying TEN marks each.
3. Students have to attempt FOUR questions in all from SECTION-B, selecting at least ONE question from each Sub-section.

SECTION-A

1. Multiple choice question/ Fill in the blanks/ True or False:
 - a) Which of the following is not the type of elasticity of demand?
 - a) Price Elasticity of Demand
 - b) Cross Elasticity of Demand
 - c) Zero Elasticity of Demand
 - d) Income Elasticity of Demand
 - b) Abnormal Profits under perfect competition are
 - a) $AR > AC$
 - b) $MC = AC$
 - c) $AR < AC$
 - d) $MR < MC$
 - c) If Elasticity of Demand is Infinity the demand curve is?
 - a) Vertical Straight line
 - b) Downward Sloping
 - c) Horizontal straight line parallel to x axis
 - d) Upward sloping
 - d) The span of time within which the investment made for the project will be recovered by the net returns of the project is known as
 - a) Period of Return
 - b) Payback Period
 - c) Span of Return
 - d) None of the above

- e) The objective of wealth maximization takes into account
- a) Amount of returns expected
 - b) Timing of anticipated returns
 - c) Risk associated with uncertainty of returns
 - d) All the above
- f) AFC curve is:
- a) Convex and downward sloping
 - b) Concave and downward sloping
 - c) Convex and upward sloping
 - d) Concave and Upward sloping
- g) Other things equal, if a good has more substitutes, its price elasticity of demand is
- a) Larger
 - b) Smaller
 - c) Unity
 - d) Zero
- h) U-shaped average cost curve is based on
- a) Law of increasing cost
 - b) Law of decreasing cost
 - c) Law of constant returns to scale
 - d) Law of variable proportion
- i) Under _____, price is determined by the interaction of total demand and total supply in the market.
- a) Perfect Competition.
 - b) Monopoly
 - c) Oligopoly
 - d) Monopolistic Competition.
- j) A project is accepted when?
- a) Net present value is greater than zero.
 - b) Internal Rate of Return will be greater than cost of capital.
 - c) Profitability index will be greater than unity.
 - d) All of the above.
- k) _____ is the interest rate at which a nation's central bank lends money to domestic banks, often in the form of very short-term loans.
- l) _____ is concerned with the acquisition, financing and management of assets with some overall goal in mind.
- m) In _____ pricing strategy company charge a higher price because it has a substantial competitive advantage.
- n) Automobile sector is the example of _____ form of market.
- o) Two _____ cannot cut each other

- p) Forecasts of commodity demand may be based on macroeconomic forecasts. **True/False**
- q) An isoquant is a curve that shows all the combinations of inputs that yield the same level of output. **True/False**
- r) The use of leading indicators to forecast time-series data is an example of econometric forecasting. **True/False**
- s) Equilibrium means better position or position of no change? **True/False**
- t) Firm will stop production in case of Monopolistic Market if $AR < AVC$? **True/False**

SECTION-B

UNIT-I

2. How economics is an important component of any business organization? Discuss the Nature of Managerial Economics in detail?
- 3. Write short note on :**
- a) Bank Credit
 - b) Variable Reserve Ratio

UNIT-II

4. What do you mean by Demand Forecasting? Discuss the methods through which demand can be forecasted.
5. Write a detailed note on the Economies and Diseconomies of Scale with examples.

UNIT III

6. Discuss various pricing strategies in detail. How do the different market structures affect the pricing strategies? Explain.
7. Differentiate between the Risk and Uncertainty. What are the factors affecting decisions under these conditions?

NOTE : Disclosure of Identity by writing Mobile No. or Marking of passing request on any paper of Answer Sheet will lead to UMC against the Student.