QUESTION PAPERS

BRANCH: Bachelor of Business Administration	SEM: I
	APR-2023

Sr. No.	Subject	Available
1.	Business Economics (A)	
2.	Business Economics (B)	
3.		
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10.		

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	**Semester (November 2022 to March 2023)** **Examination: End Semester Examination March/April 2023 (UG Programmes)**
	**Programme code:** 07/06 **Programme: BBA/BBM**	**Class:** FY	**Semester:** I
	**Name of the Constituent College: S. K. Somaiya College**		**Name of the Department: Business Studies**
	**Course Code:**		**Name of the Course: Business Economics**
	**Duration: 2 Hrs.**		**Maximum Marks: 60**
	**Instructions: 1) Draw neat diagrams 2) Assume suitable data if necessary**

Question No.		Max. Marks	CO Marked
Q.1. A	Solve the following Case Study	15	1,2
	A local fashion boutique, Trendy Threads, recently introduced a new line of designer handbags. The store strategically marketed these bags as classy and trendy, with only a small number available. They also highlighted that several celebrities had been spotted wearing the same style. As a result, the bags quickly gained popularity and started flying off the shelves.		
(a)	Explain the Bandwagon effect to the success of Trendy Threads' new designer handbags.	8	
(b)	In contrast, how might the snob effect have influenced consumer behavior if Trendy Threads had marketed the handbags as exclusive, high-end luxury items with a premium price tag?	7	
Q.2. A	Consider a consumer with a fixed budget who consumes two goods, X and Y. Draw an indifference curve showing same level of satisfaction received by the consumer. Also explain some exceptional shapes of indifference curve.	15	1,2
	OR		
Q.2. B	Can a hospital or healthcare system achieve economies of scale? Are there any potential downside or challenges associated with pursuing economies of scale in healthcare?	15	1,2
Q.3. A	Discuss the key components of the circular flow model, including households, firms, government, and the foreign sector. Explain the roles of each sector in the flow of income and expenditure.	15	1,2,3
	OR		
Q.3. B	Define the investment multiplier and explain how it works in an economy. Calculate the investment multiplier given a marginal propensity to consume (MPC) is 3/4th.	15	1,2,3
Q.4. A	Explain Keynes' theory of demand for money and its main components.	15	1,2,3,4
	OR		
Q4. B	State the relationship between inflation and monetary policy. Describe the methods employed by a central bank to manage and mitigate inflation.	15	1,2,3,4

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Question No.		Max. Marks	CO Marked
Q.1. A	Solve the following Case Study	15	1,2
	A boutique winery, Vintage Vines, released a limited batch of a rare and highly sought-after wine variety. The winery emphasized the meticulous craftsmanship and unique terroir that contributed to the exceptional quality of this wine. They priced it significantly higher than their other offerings, positioning it as a luxury item for true wine connoisseurs. Wine enthusiasts quickly caught wind of this exclusive release, and bottles sold out within hours of becoming available.		
(a)	Explain the role of Snob effect in the success of Vintage Vines limited batch of rare wines.	8	
(b)	Analyzing the success of Vintage Vines' limited batch of rare wine, apply the concept of price elasticity of demand to assess whether the demand for this high-priced, exclusive wine is likely to be elastic or inelastic. Provide reasoning for your answer.	7	
Q.2. A	Define Business Economics. State the role of business economics in decision-making for a firm.	15	1,2
	OR		
Q.2. B	In the context of a retail chain, ▓▓▓ state the internal and external factors that can create economies or diseconomies of scale?	15	1,2
Q.3. A	Define the concept of the circular flow of national income. Explain how it represents the interdependence between households and firms in an economy. Provide a detailed diagram to illustrate this concept.	15	1,2,3
	OR		
Q.3. B	Explain the relationship between the investment multiplier and the total change in income. Describe a scenario where a decrease in initial investment would impact the investment multiplier.	15	1,2,3
Q.4. A	Define and explain the concept of a trade cycle. Discuss the features and phases of a typical trade cycle and the factors that contribute to each phase.	15	1,2,3,4
	OR		
Q4. B	Explain expansionary and contractionary monetary policy. Analyze and evaluate the central objectives of monetary policy.		1,2,3,4