

# **ABV- Indian Institute of Information Technology & Management, Gwalior**

## **MS603: Business Economics**

Major Examination (Session 2024–25)

**Maximum Time: 3 Hours**

**Max Marks: 45**

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**Note: Attempt all questions. Use suitable diagrams and examples for justification.**

1. (a) Explain the concept of utility and its measurement. (b) Discuss the law of diminishing marginal utility with an example. (8 Marks)
2. (a) Define price elasticity of demand. Derive its degrees. (b) Explain factors determining elasticity of demand. (8 Marks)
3. (a) What are the different cost curves in the short run? (b) Derive the relationship between Average Cost (AC) and Marginal Cost (MC). (8 Marks)
4. (a) Explain the equilibrium of a firm under perfect competition in the short run. (b) How does equilibrium differ in monopoly? (7 Marks)
5. (a) Define national income. Discuss income and expenditure methods of measurement. (b) What are the limitations of these methods? (7 Marks)
6. Write short notes on any two: (i) Inflation and Deflation (ii) Business cycles (iii) Law of returns to scale (7 Marks)