

Register Number:

DATE:

**ST. JOSEPH’S UNIVERSITY, BANGALORE-27**

**BBA/BBASF – I SEMESTER**

**SEMESTER EXAMINATION: OCTOBER 2023**

**(Examination conducted in November / December 2023)**

**BA 1223/BASF 1223: BUSINESS ECONOMICS**

(For current batch students only)

Time: 2 hrs. Max Marks: 60

**This paper contains \_\_\_\_\_ printed pages and four parts.**

**Section A**

**I.** Answer ***any five*** of the following (**5x2 = 10 Marks)**

1. What is business economics.
2. Give the meaning of consumer surplus.
3. Identify any two factors influencing change in demand.
4. What is Monopoly?
5. Differentiate between opportunity cost and marginal cost.?
6. Mention any two properties of Iso-cost.

**Section B**

**II.** Answer ***any four*** of the following (**4x5 = 20 Marks)**

1. Discuss the objectives of business economics.
2. Write an analytical note on Indifference curve analysis.
3. Analyze about the concept of consumer surplus.
4. Outline the features of monopoly market.
5. Briefly explain the key factors affecting cost of production.

**Section C**

**III.** Answer ***any two*** of the following (**2x10 = 20 Marks)**

1. Explain the various methods of demand forecasting.
2. Elucidate on price determination under perfect competition in long run.
3. Write a note on:
	1. Economies of Scale. (5 marks)
	2. Diseconomies of scale. (5 marks)

**Section D**

**IV. Answer the following (1x10=10 Marks)**

1. **Case Study: Smartphone Industry**

In the dynamic landscape of the Smartphone industry, the interplay of income elasticity and isoquants shapes consumer preferences and production strategies. As economies evolve, income levels significantly impact consumers' purchasing power and preferences, subsequently affecting the demand for different Smartphone segments. In this context, the concept of income elasticity of demand becomes pivotal. Higher-income consumers often exhibit higher income elasticity, opting for premium Smartphone models with advanced features, thus driving the demand for high-end Smartphone. Conversely, lower-income consumers show lower income elasticity, often gravitating towards budget-friendly Smartphone options, leading to an increased demand for mid-range or entry-level models.

Simultaneously, the concept of isoquants plays a crucial role in the Smartphone industry's production strategies. Isoquants visually depict various combinations of inputs that result in a constant level of output. In the case of Smartphone manufacturing, companies seek to optimize their input combinations to maximize output while minimizing costs. Take the example of SmartTech Manufacturing, a prominent Smartphone producer. By utilizing isoquants, they meticulously determine the ideal blend of labour, materials, and technology to achieve higher production levels without compromising production efficiency or incurring unnecessary costs.

A real-world exemplar of these economic concepts is Apple Inc. As global incomes rise, Apple adeptly tailors its product range to cater to varying income segments. The demand for their premium iPhones showcases the high-income elasticity of luxury goods. Affluent consumer’s exhibit increased demand for cutting-edge models with advanced features. Simultaneously, Apple's provision of more affordable iPhone models caters to the lower-income segment, highlighting lower-income elasticity. Additionally, Apple's strategic allocation of resources guided by isoquants ensures not only efficient production processes but also innovative design and technology integration.

**Questions:**

a. How does people's income affect Smartphone choices, like iPhones? Can you give examples of how higher and lower incomes impact which phones people buy? (7 marks)

b. What are isoquants, and how do they help Smartphone companies make phones efficiently? **(**3 marks**)**