

# **SRM VALLIAMMAI ENGINEERING COLLEGE**

**(An Autonomous Institution)**

SRM Nagar, Kattankulathur – 603 203

## **DEPARTMENT OF MANAGEMENT STUDIES**

### **QUESTION BANK**

#### **I SEMESTER**

#### **BA3161 – ECONOMIC ANALYSIS FOR BUSINESS**

**Regulation – 2023**

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*Prepared by*

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**UNIT – I – INTRODUCTION****SYLLABUS:**

Introduction - Definition of Economics – Basic concept of Economics – Fundamental principles of Economics – Positive & Normative analysis – Corporate decision making and public policy decision - Economic Systems and Types - Social, Capitalistic and Mixed Economy - Forecasting - The Role of Markets and Government.

**PART- A**

<b>S.NO</b>	<b>QUESTIONS</b>	<b>COMPETENCE</b>	<b>BT LEVEL</b>	<b>CO Level</b>
1.	Define Economics?	Remembering	Level 1	CO1
2.	Summarize the reasons for scarcity.	Understanding	Level 2	CO1
3.	List the fundamental principles of Economics.	Remembering	Level 1	CO1
4.	Compare Micro and Macro Economics.	Understanding	Level 2	CO1
5.	Differentiate Positive and Normative Economics.	Understanding	Level 2	CO1
6.	What is meant by Economic Growth?	Remembering	Level 1	CO1
7.	Compare Productive and Economic Efficiency.	Understanding	Level 2	CO1
8.	Define Economic Stability.	Remembering	Level 1	CO1
9.	State the major Economic Problems.	Understanding	Level 2	CO1
10.	What is meant by Mixed Economy?	Remembering	Level 1	CO1
11.	What are the elements of Economic Growth?	Remembering	Level 1	CO1
12.	Outline the role of Markets in today's economic scenario.	Understanding	Level 2	CO1
13.	Define Productive efficiency.	Remembering	Level 1	CO1
14.	Identify the scope of public policy decisions.	Understanding	Level 2	CO1
15.	List the characteristics of Socialist economy.	Remembering	Level 1	CO1
16.	What are the various types of Economic Efficiency?	Understanding	Level 2	CO1
17.	Define Market.	Remembering	Level 1	CO1
18.	Name the types of government.	Remembering	Level 1	CO1
19.	Define Economic system.	Remembering	Level 1	CO1
20.	Summarize the principles of economics.	Understanding	Level 2	CO1
21.	Identify the characteristics of capitalist economy.	Remembering	Level 1	CO1
22.	Infer the term 'forecasting'.	Understanding	Level 2	CO1

23.	Define Corporate Decision making.	Remembering	Level 1	CO1
24.	Indicate the need for corporate decision making.	Understanding	Level 2	CO1

<b>PART- B</b>				
<b>S.NO</b>	<b>QUESTIONS</b>	<b>COMPETENCE</b>	<b>BT LEVEL</b>	<b>CO Level</b>
1.	Explain the nature, importance and scope of economics in detail.	Applying	Level 3	CO1
2.	Classify the types of Economic efficiency.	Analysing	Level 4	CO1
3.	Illustrate the fundamental economic problem and the reasons behind these problems.	Applying	Level 3	CO1
4.	Explain the different types of economic systems and its characteristics.	Analysing	Level 4	CO1
5.	“Government plays a vital role in today’s economic scenario”. Infer the statement.	Analysing	Level 4	CO1
6.	Illustrate the measures to overcome fundamental economic problems.	Analysing	Level 4	CO1
7.	Analyse the role of Markets in today’s economy.	Applying	Level 3	CO1
8.	Infer how stability in business leads to economic growth.	Analysing	Level 4	CO1
9.	Apply a practical problem to explain the statement “Scarcity and Efficiency are regarded as the twin themes of Economics”?	Applying	Level 3	CO1
10.	Discover the advantages and disadvantages of different economic systems.	Analysing	Level 4	CO1
11.	‘The markets and government play a significant role for the economy development of a nation’ - Examine	Applying	Level 3	CO1
12.	Explain the themes of economics in detail.	Analysing	Level 4	CO1
13.	Determine the need and importance of forecasting.	Applying	Level 3	CO1
14.	Compare Micro and Macro Economics with appropriate criteria in detail.	Analysing	Level 4	CO1
15.	Distinguish the different methods used in forecasting.	Analysing	Level 4	CO1
16.	Criticize the importance of Corporate decision making and the steps involved in it.	Analysing	Level 4	CO1

17.	Illustrate the importance of the Public policy decisions of the administrators.	Applying	Level 3	CO1
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## UNIT – II – CONSUMER AND PRODUCER BEHAVIOUR

### SYLLABUS:

Demand & Supply – Elasticity of Demand & Supply – Consumer Behaviour – Law of Diminishing Marginal Utility – Law of Equi Marginal Utility – Indifference Curve Analysis – Production – Short run & Long run production function – Returns to scale - Analysis of Cost – short run and Long run Cost function – Economies and Diseconomies of Scale

### PART- A

S.NO	QUESTIONS	COMPETENCE	BT LEVEL	CO Level
1.	Define Demand.	Remembering	Level 1	CO2
2.	Differentiate Demand and Supply.	Understanding	Level 2	CO2
3.	List the determinants of Demand.	Remembering	Level 1	CO2
4.	Classify the various types of Demand.	Understanding	Level 2	CO2
5.	What is meant by Demand Analysis?	Remembering	Level 1	CO2
6.	Identify the reasons for Price Elasticity.	Remembering	Level 1	CO2
7.	Infer Price Elasticity of Demand.	Understanding	Level 2	CO2
8.	List the reasons for a downward slope in demand curve.	Remembering	Level 1	CO2
9.	Classify the types of Elasticity of Demand.	Understanding	Level 2	CO2
10.	What are the assumptions of Law of Demand?	Remembering	Level 1	CO2
11.	Define elasticity of demand.	Remembering	Level 1	CO2
12.	Identify the differences between Law of Demand and Law of Supply.	Understanding	Level 2	CO2
13.	Define Consumer surplus.	Remembering	Level 1	CO2
14.	Compare Price elasticity and Income elasticity of demand.	Understanding	Level 2	CO2
15.	Define Law of Diminishing margining utility.	Remembering	Level 1	CO2
16.	Illustrate indifference curve.	Understanding	Level 2	CO2

17.	Define Market demand.	Remembering	Level 1	CO2
18.	Identify the properties of indifference curve.	Understanding	Level 2	CO2
19.	List the assumptions of Law of demand.	Remembering	Level 1	CO2
20.	Illustrate expansion and contraction of demand.	Understanding	Level 2	CO2
21.	Define Production function.	Remembering	Level 1	CO2
22.	State Law of Supply.	Understanding	Level 2	CO2
23.	Define Returns to scale.	Remembering	Level 1	CO2
24.	Infer economies and diseconomies of scale.	Understanding	Level 2	CO2

<b>PART- B</b>				
<b>S.NO</b>	<b>QUESTIONS</b>	<b>COMPETENCE</b>	<b>BT LEVEL</b>	<b>CO Level</b>
1.	Explain the different types of demand and the determinants of demand in detail.	Applying	Level 3	CO2
2.	Explain the different types of elasticity of demand and list out the various factors determining the elasticity of demand.	Analysing	Level 4	CO2
3.	Explain the Law of Supply and elaborate on the factors determining Law of Supply.	Applying	Level 3	CO2
4.	Illustrate the law of Demand and the causes for the downwards slope in the demand curve.	Analysing	Level 4	CO2
5.	Analyse the Law of Diminishing Marginal Utility and Law of Equi Marginal Utility.	Analysing	Level 4	CO2
6.	Explain the concept of elasticity of Supply and the determinants of Elasticity of Supply.	Analysing	Level 4	CO2
7.	Illustrate the assumptions and properties of Indifference Curve.	Applying	Level 3	CO2
8.	Analyze the relationship between production and costs in the short run and long run.	Analysing	Level 4	CO2
9.	Production Function and the applications of Production Function in Managerial decisions – Justify.	Analysing	Level 4	CO2
10.	What are economies and diseconomies of scale? Explain with suitable examples in detail.	Analysing	Level 4	CO2
11.	Examine the various approaches to Consumer Behaviour.	Applying	Level 3	CO2

12.	Illustrate the different types of costs incurred in a business organization with suitable examples.	Analysing	Level 4	CO2
13.	Explain the properties of indifference curve with suitable illustrations.	Applying	Level 3	CO2
14.	Illustrate the nature of short run and long run average cost curves and explain why the Long-Run cost curve flatter is than Short-Run cost curve?	Analysing	Level 4	CO2
15.	Simplify the meaning by economies of scale and the various types of economies and diseconomies of scale.	Analysing	Level 4	CO2
16.	Analyse the various types of cost and the determinants of Cost in detail.	Analysing	Level 4	CO2
17.	Explain the concepts and types of Returns to Scale in detail.	Applying	Level 3	CO2

### UNIT – III PRODUCT AND FACTOR MARKET

#### **SYLLABUS:**

Markets - Definition, types, and the role of markets – Market Structure – Determinants and Characteristics – Perfect and Imperfect Competition – Monopoly – Monopolistic and Oligopoly Markets – Equilibrium of a Firm – Factor Markets – Factors of Production – Characteristics – Factor market Equilibrium – Determination of Factor Price.

#### PART- A

S.NO	QUESTIONS	COMPETENCE	BT LEVEL	CO Level
1.	What is the role of markets?	Remembering	Level 1	CO3
2.	Give the characteristics of Market Structure.	Understanding	Level 2	CO3
3.	Identify the features of a Monopoly Market	Remembering	Level 1	CO3
4.	What is meant by Oligopoly Market?	Understanding	Level 2	CO3
5.	Compare Perfect Competition and Monopolistic Competition	Remembering	Level 1	CO3
6.	Give the conditions of equilibrium in perfect, monopoly, oligopoly and monopolistic competition.	Remembering	Level 1	CO3
7.	Write short note on degree of price discrimination.	Understanding	Level 2	CO3
8.	Difference between total revenue, average revenue, and marginal revenue.	Remembering	Level 1	CO3
9.	What is marginal cost?	Understanding	Level 2	CO3

10.	Write short notes on marginal revenue of product.	Remembering	Level 1	CO3
11.	How do you define a Kinked Demand Curve?	Remembering	Level 1	CO3
12.	List different types of market structure.	Understanding	Level 2	CO3
13.	Write a short note on price discrimination under monopoly.	Remembering	Level 1	CO3
14.	What is market equilibrium?	Understanding	Level 2	CO3
15.	What is break-even point?	Remembering	Level 1	CO3
16.	Write the relation between average cost and marginal cost.	Understanding	Level 2	CO3
17.	Differentiate average revenue and marginal revenue.	Remembering	Level 1	CO3
18.	What is the profit maximizing rule in perfect competition?	Understanding	Level 2	CO3
19.	Identify the various Factors of Production.	Remembering	Level 1	CO3
20.	What is meant by Factor Market?	Understanding	Level 2	CO3
21.	Give a short note on labor market.	Remembering	Level 1	CO3
22.	What is land market?	Understanding	Level 2	CO3
23.	Write the role of capital in the factor market.	Remembering	Level 1	CO3
24.	Infer profit in factor market.	Understanding	Level 2	CO3

PART- B				
S.NO	QUESTIONS	COMPETENCE	BT LEVEL	CO Level
1.	Compare and contrast the different types of market structure with example.	Applying	Level 3	CO3
2.	Illustrate the conditions for the establishment of a firm's equilibrium under perfect competition.	Analysing	Level 4	CO3
3.	How is price and output determined under monopoly market in short run and long run?	Applying	Level 3	CO3
4.	Discuss equilibrium of monopolistic competition in short and long run.	Analysing	Level 4	CO3

5.	Examine the term oligopoly and the price output relationship in an oligopoly market structure.	Analysing	Level 4	CO3
6.	Explain the various types of cost curves used in determining the market equilibrium and profit maximization.	Applying	Level 3	CO3
7.	Illustrate with graph and explain short run and long run equilibrium for perfect and monopoly market.	Applying	Level 3	CO3
8.	Explain short run and long run equilibrium for monopolistic competition and oligopoly market.	Analysing	Level 4	CO3
9.	What is the basic condition for profit maximization in perfect competition and evaluate how price and output are determined under perfect competition in the short and long run?	Applying	Level 3	CO3
10.	Explain condition for profit maximization in monopolistic competition? How price and output determined under monopolistic competition in the short and the long run?	Analysing	Level 4	CO3
11.	Explain factors of production and its characteristics.	Applying	Level 3	CO3
12.	What is meant by marginal productivity theory of factor pricing? Recall its main shortcomings.	Analysing	Level 4	CO3
13.	Critically examine the Ricardian theory of rent.	Applying	Level 3	CO3
14.	Explain the relationship between wages and market supply of labour.	Analysing	Level 4	CO3
15.	Analyze how disequilibrium occurs in the factor market and what mechanisms restore equilibrium.	Analysing	Level 4	CO3
16.	Explain factor market and the relation of land, labour and capital.	Analysing	Level 4	CO3
17.	What is factor price? What are the determinants of factor price? How do economists argue about the determinants of factor price?	Applying	Level 3	CO3

**UNIT – IV MACRO ECONOMIC VARIABLES AND THE ROLE OF MONEY****SYLLABUS:**

Definition & Nature of Macroeconomics - System - Macro-Economic Components – Circular Flow of Money in Economy – Households – Firms – Government - National Income – Components – Determination and Methods of Computing National Income – Multiplier Effect – Fiscal Policy – Role of Government in Macro Economics

**PART- A**

<b>S.NO</b>	<b>QUESTIONS</b>	<b>COMPETENCE</b>	<b>BT LEVEL</b>	<b>CO Level</b>
1.	Define macroeconomics.	Remembering	Level 1	CO4
2.	Differentiate between microeconomics and macroeconomics.	Understanding	Level 2	CO4
3.	List any four macroeconomic variables.	Remembering	Level 1	CO4
4.	Summarize the concept of the circular flow of income between households and firms.	Understanding	Level 2	CO4
5.	Name the main sectors involved in the circular flow model.	Remembering	Level 1	CO4
6.	Compare GDP and GNP.	Understanding	Level 2	CO4
7.	Define Aggregate Demand.	Remembering	Level 1	CO4
8.	Illustrate the two-sector model of circular income flow.	Understanding	Level 2	CO4
9.	Define national income.	Remembering	Level 1	CO4
10.	Cite the methods of measuring national income.	Understanding	Level 2	CO4
11.	List the components of national income.	Remembering	Level 1	CO4
12.	Discuss the importance of national income as an economic indicator.	Understanding	Level 2	CO4
13.	What is meant by the circular flow of money?	Remembering	Level 1	CO4
14.	Why is national income difficult to measure accurately in developing countries?	Understanding	Level 2	CO4
15.	What is the multiplier effect in macroeconomics?	Remembering	Level 1	CO4
16.	Summarise the concept of the multiplier with an example.	Understanding	Level 2	CO4
17.	What do you mean by fiscal policy?	Remembering	Level 1	CO4

18.	Identify the fiscal tools used by the government to control inflation.	Understanding	Level 2	CO4
19.	List two roles of government in macroeconomic planning.	Remembering	Level 1	CO4
20.	How does government expenditure influence aggregate demand?	Understanding	Level 2	CO4
21.	Who are the key players in a mixed economy?	Remembering	Level 1	CO4
22.	How do injections and leakages affect the circular flow of income?	Understanding	Level 2	CO4
23.	What is meant by multiplier effect?	Remembering	Level 1	CO4
24.	Identify the role of taxation in fiscal policy.	Understanding	Level 2	CO4

<b>PART- B</b>				
<b>S.NO</b>	<b>QUESTIONS</b>	<b>COMPETENCE</b>	<b>BT LEVEL</b>	<b>CO Level</b>
1.	Apply the circular flow of income model to explain the interaction between households and firms.	Applying	Level 3	CO4
2.	Analyze the differences between the product method, income method, and expenditure method of computing national income.	Analysing	Level 4	CO4
3.	Use a diagram to apply the three-sector model and explain the role of government in the flow of income.	Applying	Level 3	CO4
4.	Examine the impact of leakages and injections on the circular flow of income.	Analysing	Level 4	CO4
5.	Apply your understanding of national income and explain the major components of national income.	Applying	Level 3	CO4
6.	Appraise on the role of households, firms, and government in a four-sector model of the economy.	Analysing	Level 4	CO4
7.	Demonstrate how the multiplier effect works when there is an increase in investment.	Applying	Level 3	CO4
8.	Critically analyze the limitations of measuring national income in developing economies.	Analysing	Level 4	CO4
9.	Use the expenditure method to compute national income using relevant data.	Applying	Level 3	CO4

10.	Articulate how aggregate demand and aggregate supply interact in the context of macroeconomic equilibrium.	Analysing	Level 4	CO4
11.	Analyze how national income statistics can be used to assess economic development.	Applying	Level 3	CO4
12.	Illustrate how government spending and taxation can influence economic growth.	Analysing	Level 4	CO4
13.	Examine the effects of a budget deficit on national output.	Applying	Level 3	CO4
14.	Evaluate how a change in investment spending affects national income based on the concept of the multiplier.	Analysing	Level 4	CO4
15.	Compare and analyze the impact of direct and indirect taxes on aggregate demand.	Applying	Level 3	CO4
16.	Apply the concept of fiscal stimulus to promote economic recovery during a recession.	Analysing	Level 4	CO4
17.	Write an elaborate note on the circular flow of money to explain the interaction between households and firms.	Applying	Level 3	CO4

### UNIT – V MACROECONOMIC VARIABLES AND THE ROLE OF MONEY

#### SYLLABUS:

Macro-Economic Variables - Unemployment and its impact – Okun’s Law – Inflation and Deflation – Features, Reasons, and Types – Balance of payments – Philips Curve – Short run and long run – Role of Money - Money Market – Money Market equilibrium - The Role of Monetary policy in India.

#### PART- A

S.NO	QUESTIONS	COMPETENCE	BT LEVEL	CO Level
1.	Define unemployment.	Remembering	Level 1	CO5
2.	How does unemployment affect economic growth?	Understanding	Level 2	CO5
3.	State the basic idea behind Okun’s Law.	Remembering	Level 1	CO5
4.	Describe the relationship between unemployment and output according to Okun’s Law.	Understanding	Level 2	CO5
5.	What is meant by inflation?	Remembering	Level 1	CO5
6.	Differentiate between demand-pull and cost-push inflation.	Understanding	Level 2	CO5
7.	Define deflation.	Remembering	Level 1	CO5
8.	Cite why deflation can be harmful to the economy.	Understanding	Level 2	CO5

9.	List any two features of inflation.	Remembering	Level 1	CO5
10.	Discuss the types of inflation based on intensity.	Understanding	Level 2	CO5
11.	What are the components of the balance of payments?	Remembering	Level 1	CO5
12.	Discuss how inflation affects the cost of living.	Understanding	Level 2	CO5
13.	Define the Phillips Curve.	Remembering	Level 1	CO5
14.	Interpret the short-run trade-off between inflation and unemployment using the Phillips Curve.	Understanding	Level 2	CO5
15.	What does the Phillips Curve show about inflation and unemployment in the short run?	Remembering	Level 1	CO5
16.	Why does Phillips Curve become vertical in long run?	Understanding	Level 2	CO5
17.	What is meant by cost-push inflation?	Remembering	Level 1	CO5
18.	Describe the role of money in a modern economy.	Understanding	Level 2	CO5
19.	Define the money market.	Remembering	Level 1	CO5
20.	Trace the significance of money market.	Understanding	Level 2	CO5
21.	What is meant by money market equilibrium?	Remembering	Level 1	CO5
22.	Describe the condition under which the money market reaches equilibrium.	Understanding	Level 2	CO5
23.	Mention any two objectives of monetary policy in India.	Remembering	Level 1	CO5
24.	Summarise the role of monetary policy in controlling inflation.	Understanding	Level 2	CO5

<b>PART- B</b>				
<b>S.NO</b>	<b>QUESTIONS</b>	<b>COMPETENCE</b>	<b>BT LEVEL</b>	<b>CO Level</b>
1.	Articulate the concept of unemployment to its impact on national output and standard of living.	Applying	Level 3	CO5
2.	Analyze the relationship between unemployment and economic output using Okun's Law.	Analysing	Level 4	CO5
3.	Illustrate on the types of inflation with real-life examples.	Applying	Level 3	CO5
4.	Analyze the causes and consequences of inflation and deflation in a developing economy.	Analysing	Level 4	CO5
5.	Illustrate the Phillips Curve with an example to show the relationship between inflation and unemployment.	Applying	Level 3	CO5

6.	Compare the short-run and long-run Phillips Curve and analyze their policy implications.	Analysing	Level 4	CO5
7.	Apply the concept of balance of payments to examine a country's trade and capital flow performance.	Applying	Level 3	CO5
8.	Analyze the structure of the balance of payments and evaluate its impact on foreign exchange reserves.	Analysing	Level 4	CO5
9.	Apply your understanding of money and its functions in the context of a digital economy.	Applying	Level 3	CO5
10.	Analyze the changing role of money in the context of economic modernization and financial inclusion.	Analysing	Level 4	CO5
11.	Examine the role of the money market in the flow of funds in the economy.	Applying	Level 3	CO5
12.	Analyze the interaction of demand and supply in the money market leading to equilibrium.	Analysing	Level 4	CO5
13.	Apply monetary policy tools to demonstrate how RBI manages liquidity in the Indian economy.	Applying	Level 3	CO5
14.	Analyze the effectiveness of monetary policy in controlling inflation and promoting growth in India.	Analysing	Level 4	CO5
15.	Apply the money market equilibrium model to predict changes due to interest rate adjustments.	Applying	Level 3	CO5
16.	Analyze the role of RBI's monetary policy during economic recessions and booms.	Analysing	Level 4	CO5
17.	Apply macroeconomic concepts to show how inflation and unemployment influence fiscal and monetary policy decisions.	Applying	Level 3	CO5