JAYPEE UNIVERSITY OF INFORMATION TECHNOLOGY, WAKNAGHAT

TEST -1 EXAMINATION- 2026

M.B.A-Ist Semester

COURSE CODE (CREDITS): 26MB1JB111 (3) MAX. MARKS: 15

COURSE NAME: ECONOMICS FOR BUSINESS AND GOVERNMENT

COURSE INSTRUCTOR: Dr. VISHAL SHARMA MAX. TIME: 1 Hour

Note: *(a) All questions are compulsory.*

(b) Answer in chronological order

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Q.No	Questions	CO	Marks
Q1	Resources are limited, but human wants are unlimited." Explain this statement in the context of the basic economic problems faced by businesses and governments. Illustrate your answer with a suitable example.	CO-1	3
Q2	A company observes that its sales have declined for two consecutive months. The management immediately concludes that the decline has been caused by an increase in the product's price and decides to reduce prices. Later, it discovers that a new competitor had entered the market during the same period. Using the above situation, explain the importance of proper economic analysis and discuss how faulty economic analysis can lead to incorrect business decisions.	CO-1	3
Q3	A technology firm has the option of either developing its own AI-based customer service system or purchasing an existing system from an external provider. a) Explain the concept of opportunity cost in the above decision. b) How can the concept of opportunity cost help the firm make a better business decision?	CO-2	1.5+1.5
Q4	A leading digital platform company operates in several markets and provides services such as online search, digital advertising, cloud computing, e-commerce and social media. The company collects large amounts of user data and uses advanced algorithms to decide	CO-1	3

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	which products and advertisements to display to consumers. Its decisions regarding investment, pricing, technology and data usage affect consumers, competing businesses and government regulators. Examine how Big Tech firms act as economic decision makers and discuss the impact of their decisions on other economic actors.		
Q5	A farmer is willing to bring more tomatoes to the market when their price increases. However, an increase in the prices of fertilisers, fuel, and transportation raises the farmer's cost of production. Examine how the law of supply explains the farmer's decision and discuss how an increase in production costs may affect the supply of tomatoes.	CO-2	3

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