

**Directorate of Online Education**

**INTERNAL ASSIGNMENT SET-II**

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| **SESSION** | **FEB/MAR 2021** |
| **PROGRAMME** | **MASTER OF BUSINESS ADMINISTRATION (MBA)** |
| **SEMESTER** | **I** |
| **COURSE CODE & NAME** | **DMBA105 – MANAGERIAL ECONOMICS** |
| **CREDITS** | **4** |
| **NUMBER OF ASSIGNMENTS,**  **CREDITS & MARKS** | **02**  **4 Credits, 30 Marks each** |

**Question 1 Explain different phases of trade cycle.**

**Answer- Phases of trade cycle**

Basically, a business cycle has only two parts - expansion and contraction or prosperity and depression. Peaks and troughs are the two main mark-off points of a business cycle. The expansion phase starts from revival and

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Fully solved assignment available for**session Feb/March 2021,**

your**last date is 31th July 2021**.

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**Question 2 Explain different objectives of pricing policies.**

**Answer-** The following objectives are to be considered while fixing the prices of the product:

**1. *Profit maximisation in the short term*** – The primary objective of the firm is to maximise its profits. Pricing policy as an instrument to achieve this objective should be formulated in such a way as to maximise the sales revenue and profit. Maximum profit refers to the highest possible

**Question 3 Explain causes of inflation in detail.**

**Answer-** Causes of inflation

**I. Demand side**

Increase in aggregative effective demand is responsible for inflation. In this case, aggregate demand exceeds aggregate supply of goods and services. Demand rises much faster than supply.

 ***Increase in money supply* –** Supply of money in circulation increases on account of the following reasons: deficit financing by the government, expansion in public expenditure,