387 (BE)

[17-HRGPKAC-D1S]

BBA 1st Semester Exam., 2017

BUSINESS ECONOMICS

[BBA (S1) 02]

Full Marks : 80

Time : 3 hours

The figures in the margin indicate full marks for the questions

1. Answer the following questions (each within *1* or *2* sentences) : 1×8=8

(a) What are the different factors of production?

(b) Define increasing returns to scale.

(c) Define production.

(d) Define opportunity cost.

(e) What does market refer to?

(f) Define the period short run.

(g) What is selling cost?

(h) How many sellers do you find in a monopolistic market?

2. Answer the following questions (each within *50* words) : 2×8=16

(a) Define a production function.

(b) Define marginal revenue.

(c) Define price discrimination. In which form of market would you find price discrimination?

(d) Why is profit important for a business firm?

(e) Discuss the basic features of a dynamic economy.

(f) Define the term 'penetration pricing'.

(g) Who put forward the uncertainty bearing theory of profit? Mention the major criticisms levelled against the theory.

(h) Can profit be negative? Discuss.

3. Answer any *five* from the following questions (each within *100* words) : 4×5=20

(a) Do you think economic planning in India is highly successful? Justify your view.

(b) Critically discuss the risk theory of profit.

(c) How does an industry attain equilibrium in the long run under perfect competition? Explain.

(d) Discuss the interrelationships among average revenue, marginal revenue and total revenue of a firm under imperfect competition.

(e) Briefly discuss the concept of break-even analysis. Show the break-even point of a business firm with the help of a suitable figure. Discuss the basic assumptions of break-even analysis.

(f) Derive the industry's supply curve and demand curve from the individual firm's supply curves and demand curves respectively during the short-run period under perfect competition.

4. Answer any *two* from the following questions (each within *300* words) : 8×2=16

(a) Discuss the different monetary policy instruments adopted by the central bank of India.

(b) What does a demand function exhibit? Discuss the importance and determinants of the concept of price elasticity of demand. 2+6=8

(c) Discuss the basic principles of economics. Outline the subject matter of business economics. 6+2=8

5. Answer any *two* from the following questions (each within *400* words) : 10×2=20

(a) Discuss, with the help of a diagram, the various stages of the law of variable proportions. How is it different from returns to scale?

(b) Discuss the assumptions of the monopolistic market. How does a firm under the monopolistic competition attain equilibrium during the short-run and the long-run periods? Explain with the help of diagrams.

(c) Derive the long-run average cost and long-run marginal cost curves of a business firm.

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