2/H–65 (iv) (Syllabus–2015)

2017

(April)

BUSINESS ADMINISTRATION

(Honours)

(Principles of Economics)

(BBAC–201)

Marks : 75

Time : 3 hours

The figures in the margin indicate full marks for the questions

PART—A

(*Marks* : 15)

1. Define goods. Explain the different types of goods. 3

Or

Define the following terms :

(a) Utility

(b) Value

(c) Price

2. Define cross-elasticity of demand. 3

Or

What is marginal rate of substitution?

3. What is production function? 3

Or

What are the properties of isoquants?

4. What are the features of a monopolistic competition? 3

Or

What is collusive oligopoly?

5. Distinguish between net interest and gross interest. 3

Or

Distinguish between differential rent and scarcity rent.

PART—B

(*Marks* : 50)

6. What is managerial economics? Discuss the nature and scope of managerial economics. 2+8=10

Or

Discuss the importance of profit-making objective for business firms. What are the alternative objectives of business firms? 6+4=10

7. What are the assumptions of indifference curve analysis? Explain how consumers' equilibrium is explained through indifference curve analysis. 3+7=10

Or

Explain the consumer survey method of demand forecasting. 10

8. Distinguish between fixed cost and variable cost. Why is the short-run average cost curve 'U-shaped'? 4+6=10

Or

Explain the relationship between average revenue and marginal revenue under perfect and imperfect competition with suitable diagrams. State and explain the law of variable proportions. 6+4=10

9. What is monopoly? Explain how price and output are determined under monopoly. 2+8=10

Or

Explain how a group of firms are in equilibrium under monopolistic competition. 10

10. Distinguish between personal distribution and functional distribution. Briefly explain the marginal productivity theory of distribution. 4+6=10

Or

Explain how wage rate is determined under perfect competition in the labour market. 10

(*Continued*)

PART—C

(*Marks* : 10)

11. *(a)* The price of a commodity rises from ₹ 10 to ₹ 12. As a result, the demand for it falls from 120 units to 100 units. Calculate the price elasticity of demand for the commodity. 4

(b) The output, total fixed cost (TFC) and total variable cost (TVC) are given below. Find the total cost (TC), the average cost (AC) and the marginal cost (MC) at various levels of output : 2+2+2=6

Output	*TFC*	*TVC*
0	100	0
1	100	90
2	100	170
3	100	242
4	100	300
5	100	370
6	100	452
7	100	565
8	100	684
9	100	818
10	100	970

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