

2/H-65 (iv) (Syllabus-2015)

2 0 2 2

(May/June)

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 and utility. 3**

Or

**Explain the alternative objectives of a
business firm.**

- 2. What is change in demand? 3**

Or

State the properties of indifference curve.

(2)

3. What is marginal rate of technical substitution? 3

Or

Explain the relationship between average cost and marginal cost.

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

Or

What is price leadership? Name the most common types of price leadership.

5. Distinguish between economic rent and contractual rent. 3

Or

Define value of marginal product of labour.

PART—B

(Marks : 50)

6. Discuss the fundamental problems of an economy. Explain the importance of profit-making objective for a business firm. 6+4=10

Or

What is managerial economics? Discuss the nature and scope of managerial economics.

2+8=10

(3)

7. Define price elasticity of demand. Explain the point method of measuring price elasticity of demand. 3+7=10

Or

Explain how the consumer attains equilibrium according to indifference curve analysis. Why is demand forecasting needed? 7+3=10

8. Explain the law of variable proportions. 10

Or

Distinguish between fixed cost and variable cost. Why is short-run average cost curve U-shaped? Explain the relationship between average revenue and marginal revenue. 2+4+4=10

9. Explain normal price. Discuss how a monopolist determines its price and output. 4+6=10

Or

Explain how price and output are determined under monopolistic competition in the long run. 10

10. Distinguish between net interest and gross interest. Explain the liquidity preference theory of interest. 3+7=10

(4)

Or

What are the factors that determine real wages? Explain how wage rate is determined under bilateral monopoly. 3+7=10

PART—C

(Marks : 10)

11. (a) What is the price elasticity of demand if the total expenditure of the consumer increases with the fall in the price of a commodity? 2

Or

Estimate price elasticity demand under the following situation :

Price	Quantity Demanded
10	120
12	100

- (b) Explain the trend projection method of demand forecasting. 6
- (c) What is 'shut down' point? 2

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