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(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. Highlight the objectives of a business firm.   3

Or

Distinguish between firm and industry.   3

2. What are the properties of indifference curve?   3

Or

What is the difference between supply and stock?   3

(*Turn Over*)

3. Explain the relationship between average cost and marginal cost curves. 3

Or

Explain average revenue and marginal revenue. 3

4. What are cartels? Name the different types of cartel. 3

Or

What is normal profit? When does a business firm earn only normal profit? 3

5. Distinguish between microdistribution and macrodistribution. 3

Or

What is firm equilibrium? 3

PART—B

(*Marks* : 50)

6. Discuss the fundamental problems of an economy. Critically examine the profit maximization objective of business firms. 4+6=10

Or

Explain the significance of managerial economics for managers. What are the future challenges for managers in the new economic set-up? 4+6=10

7. What are increase and decrease in demand? Explain the point method of measuring price elasticity of demand. 3+7=10

Or

What is demand forecasting? Why is demand forecasting needed? Explain the trend projection method of demand forecasting. 2+3+5=10

8. What is production function? Explain the law of variable proportions. 2+8=10

Or

What is marginal rate of technical substitution? Why is LAC curve known as 'planning curve'? Explain why LAC curve is flatter than the SAC curve. 4+2+4=10

9. What is a normal price? Explain how a normal price is determined under perfect competition. 2+8=10

Or

What is monopolistic competition? Explain how price and output are determined under monopolistic competition in the short run. 2+8=10

10. Distinguish between gross profit and net profit. Explain the uncertainty bearing theory of profit.   4+6=10

Or

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

PART—C

(*Marks* : 10)

11. *(a)* Define price elasticity of demand.   3

    (b) The sales of a company (in thousands of rupees) for the year 2010 to 2016 are given below :

Year	Sales
2010	32
2011	47
2012	65
2013	92
2014	132
2015	190
2016	275

Fit the trend equation by using least squares method and also estimate the sale for the year 2020.   7

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