REV-01
BBA/05/10

2025/12

SET A

BACHELOR OF BUSINESS ADMINISTRATION
FIRST SEMESTER [REPEAT]
BUSINESS ECONOMICS
BBA – 103
[USE OMR SHEET FOR OBJECTIVE PART]

Duration: 3 hrs.

Full Marks: 70

Objective

Time: 30 mins.

Marks: 20

Choose the correct answer from the following:

1 ×20=20

1. _____ is known as father of economics
   a. Marshal
   b. Robins
   c. Adam smith
   d. A C Pigou

2. The income elasticity of demand is negative for a
   a. Positive good
   b. Normal good
   c. Elastic good
   d. Inferior good

3. Two goods that are used jointly to provide satisfaction are called
   a. Inferior goods
   b. Normal goods
   c. Complementary goods
   d. Substitute goods

4. Which of the following law is applicable in the short run?
   a. Law of diminishing returns
   b. Law of constant returns to scale
   c. Law of increasing returns to scale
   d. None of these

5. Which of the following is a variable input
   a. Raw material
   b. Power
   c. Equipment
   d. None of these

6. Product differentiation is an important feature of
   a. Perfect competition
   b. Monopolistic competition
   c. Monopoly
   d. None of these

7. _____ refers to the quantity of a good or service that producers are willing and able to sell during a certain period under a given set of conditions
   a. Supply
   b. Demand
   c. Price
   d. Production

8. When the price elasticity of demand is equal to one, the demand curve is
   a. rectangular hyperbola
   b. Parallel to the horizontal axis.
   c. parallel to the vertical axis
   d. negatively sloped straight line

9. Which one of the following is not a factor of production?
   a. Land
   b. Labour
   c. Capital
   d. Bank Loan

10. All the factors of production become variable in the
   a. Short run
   b. long run
   c. very short run
   d. very long run

11. Marginal cost is defined as
   a. The change in total cost due to one unit change in output.
   b. The change in total cost due to one unit change in input.
   c. The ratio of total cost to total output
   d. The ratio of total cost to total input

12. According to the 'Law of Demand, demand varies _____ with price.
   a. Directly
   b. Indirectly
   c. Proportionately
   d. Inversely

13. In the case of inferior goods, the consumer
   a. purchases less with increase in income
   b. purchases less with decrease in price
   c. purchases more with increase in income
   d. purchases more with decrease in price

14. Let a firm employs 10 labourers to produce 150 units of output. If 11 labourers are employed to produce 166 units of output, then the marginal product is
   a. 11
   b. 16
   c. 150
   d. 166

15. In a firm doubles all inputs, and output doubles as well, the firm is subject to
   a. constant returns to scale
   b. increasing returns to scale
   c. decreasing returns to scale
   d. economies of scale

16. Opportunity cost is measured in terms of the
   a. optional cost that has been avoided
   b. negative cost that has been sacrificed
   c. accounting cost that has been paid
   d. next best alternative that has been foregone

17. As more and more consumers possess a particular product, others are also psychologically influenced to buy that product. This is called:
   a. Snob effect
   b. Bandwagon effect
   c. Income effect
   d. Price effect

18. Mr. Suresh Ramchandran, an executive employed with Ranbaxy India drives his car himself and hence is not paid by the company for doing the work of a driver. This is:
   a. Explicit cost
   b. Implicit cost
   c. Both of the above
   d. None of the above

19. Perfect competition implies a situation where.

a. Single seller dominating the market
b. Infinite firms producing homogeneous products
c. Few firms producing homogeneous products
d. None of the above

20. .....deals with the behaviour of the economy as a whole.

a. Micro economic
b. Business economic
c. Macro economic
d. None of the above

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Descriptive

Time : 2 Hr. 30 Mins. **Marks : 50**

[Answer question no.1 & any four (4) from the rest]

1. What is Business Economics? Explain the significance of Business economics. Explain the objective of business. 2+3+5=10

2. Explain the following Theories of profit *(Any two)* 5×2=10
   (i) Schumpeter Innovation theory of Profit.
   (ii) Uncertainty Bearing theory of profit.
   (iii) Risk bearing theory of profit.

3. What do you mean by market? Explain the significance of market. Explain the different kind of market with suitable example. 2+3+5=10

4. Explain the different types of cost in economics. 10

5. What is perfect competition market? Explain the Characteristic of perfect competition market. Highlights how perfect competition market is different from pure competition market. 2+3+5=10

6. Define the following terms. *(any five)* 2×5=10
   (i) Oligopoly
   (ii) Monopoly
   (iii) Duopoly
   (iv) Monopsony
   (v) Monopolistic competition
   (vi) Pure Competition

7. What is production? State the different factor of production? Explain the law of return to scale. 2+3+5=10

8. What is business cycle? Explain the different stages of business cycle with suitable illustration. How managers can implicate the different phase of business cycle to maximize the profit. 2+3+5=10

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