

BACHELOR OF BUSINESS ADMINISTRATION
First Semester
Name of the Paper: Principle of Economics
Paper Code: BBA-04

Duration: 3Hrs.

Full Marks: 70

(PART-B: Descriptive)

Duration: 2 hrs. 40 mins.

Marks: 50

1. Answer any five of the following

2×5 = 10

- i) List out any four characteristics of a good manager.
- ii) Define clearly the price elasticity of demand.
- iii) What are the determinants of "Monetary Cost" of production?
- iv) What are the different phases of returns to scale?
- v) Define perfect competition.
- vi) What is Price Discrimination?
- vii) What is market economy?

2. Answer any five of the following

3×5 = 15

- i) Distinguish between long run and short run production function.
- ii) What is production function? Write symbolically.
- iii) What are the three basic criteria of market classification?
- iv) Discuss the conditions of firm equilibrium.
- v) Explain clearly how the Managerial Economics is different from the Theoretical Economics
- vi) What are the determinants of demand?
- vii) On which factors the price elasticity of demand depends?

3. Answer any five of the following.

5×5 = 25

- i) Define isoquant. State the different properties of isoquant.
- ii) Discuss about the characteristics of a perfectly competitive market.
- iii) Discuss degrees of price discrimination in a monopoly firm.
- iv) Draw a diagram showing

- a) Perfectly inelastic demand curve.
- b) Perfectly elastic demand curve
- c) Demand curve with unitary elasticity.
- v) Write a note on the role and responsibilities of the Business Economists.
- vi) Define clearly what is meant by "Long Period"?
- vii) Draw the LAC under
 - a) Constant returns to scale.
 - b) Variable returns to scale.

BACHELOR OF BUSINESS ADMINISTRATION
First Semester
Name of the Paper: Principle of Economics
Paper Code: BBA-04
(PART-A: Objective)

Duration: 20 minutes

Marks – 20

1. Choose the correct alternative:

1×9 = 9

- i) When all inputs are increased by 8% and output increases by 13% then it is a case of law of.
- Decreasing returns to scale
 - Increasing returns to scale
 - Neither increase nor decrease
 - None of the above
- ii) A short run production function assumes that the level of output is.
- Fixed
 - Variable
 - Constant
 - All of the above
- iii) In the short run all inputs are.
- Fixed
 - Variable
 - None of these
 - Both a) & b)
- iv) When marginal product is zero total product will be.
- Maximum
 - Minimum
 - Equal
 - All of the above
- v) Explicit cost refers to
- Actual expenditure incurred to purchase/ hire the factors of production.
 - Fixed costs
 - Variable costs
 - Costs of factors of production owned by the entrepreneur.

- vi) The law of demand states that
- The quantity demanded increases with the increase in price of product.
 - The quantity demanded decreases with the increase in price of the product.
 - There is no impact of the price on the quantity demanded.
 - None of these

- vii) When the demand curve is a vertical straight line, it indicates
- The elasticity of demand is zero.
 - The elasticity of demand is infinite.
 - The elasticity of demand is equal to 1.
 - None of the above.

- viii) In Economics the clause, "Ceteris Paribus" refers to
- Consumer is the king.
 - Other things remaining equal
 - Time factor
 - None of the above

- ix) In the short run, a producer decides to shut down his firm, when
- price > AVC
 - price < AVC
 - price = AVC
 - price \neq AVC

2. Fill in the blanks with appropriate words given within brackets:

1×5 = 5

- Under perfect competition _____
(average revenue > marginal revenue/ average revenue < marginal revenue/ average revenue = marginal revenue)
- The first economist to refer to the influence of time on the determination of equilibrium price in a perfectly competitive market is _____
Adam Smith/ Lionel Robbins/Joan Robinson/Alfred Marshall
- In monopoly market, marginal revenue is _____
Less Than Average Revenue/Greater Than Average Revenue/Equal to Average Revenue.
- In a monopoly market the Average revenue curve of a monopolist _____ (Downward sloping/
Upward rising/ Horizontal)
- The very short period price is _____
(Market price/ equilibrium price/ normal price)

3. Fill in the Blanks:

1×4 = 4

- a. Primary goal of a firm is to _____ the wealth or value of the firm.
- b. The marginal cost curve intersects the average cost curve at its _____ point.
- c. The LAC under variable returns to scale is a _____ shaped curve.
- d. In the short period only _____ factor inputs are changed.

4. State whether the following is true or false:

1×2= 2

- a) "The market demand curve for a commodity is the horizontal summation of the demand curves of all the consumers in the market. _____"
- b) "Managerial Economics refers to the application of Economic Theory and the tools of analysis of decision science to examine how an organisation can achieve its objectives most effectively"
