SET A

BACHELOR OF BUSINESS ADMINISTRATION
FIRST SEMESTER [REPEAT]
BUSINESS ECONOMICS
BBA – 104
[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. Implicit Cost added in:
   a. Accounting cost
   b. Economic cost
   c. Both
   d. None of the above

2. The opportunity cost of a machine that can produce only one product is:
   a. Low
   b. Infinite
   c. High
   d. Medium

3. A Firm's profitability depends much on its __________________ of production.
   a. Price
   b. Charge
   c. Cost
   d. All the above

4. The shape of the TFC curve is
   a. Horizontal line
   b. Downward sloping
   c. U shaped
   d. Upward sloping

5. Economic profit refers to _________minus all relevant costs, both explicit and implicit.
   a. Profit
   b. Cost
   c. Expenses
   d. Revenues

6. _________________ is absence of competition.
   a. Monopolistic
   b. Monopoly
   c. Oligopoly
   d. Duopoly

7. A market that has two firms is known as
   a. Oligopoly
   b. Monopoly
   c. Duopoly
   d. Perfect competition

8. Market _________________ occurs where demand and supply are equal.
   a. Equilibrium
   b. Utility
   c. Elastic
   d. None of these

9. Few sellers is the feature of
   a. Monopoly
   b. Oligopoly
   c. Perfect competition
   d. Monopolistic competition

10. Indian economy is:
   a. Capitalist Economy
   b. Socialist Economy
   c. Mixed Economy
   d. None of the above

11. The father of New Economics is ______
   a. Marshall
   b. J.M. Keynes
   c. Adam Smith
   d. Karl Marx

12. In economics, the central problem is:
   a. Money.
   b. Scarcity
   c. Allocation
   d. Production

13. Macroeconomics deals with:
   a. The behaviour of firms
   b. Economic aggregates
   c. The behaviour of the electronics industry
   d. The activities of individual units

14. Economics is a ______
   a. Positive science
   b. Normative science
   c. None
   d. Both

15. It is the study of the economic actions of individuals and small groups of individuals.
   a. Micro-Economics
   b. Macro-Economics
   c. Managerial Economics
   d. Business Economics

16. Relatively elastic demand is ______
   a. e p = 0
   b. e p > 1
   c. e p <1
   d. e p = 1

17. Unitary inelastic demand is ______
   a. e p = 0
   b. e p > 1
   c. e p <1
   d. e p = 1

18. The law which studies the direct relationship between price and quantity supplied of a commodity is
   a. Law of demand
   b. Law of variable proportion
   c. Law of supply
   d. None of the above

19. When a percentage in price results in an equal change in quantity supplied, it is called,
   a. Elastic supply
   b. Perfectly inelastic
   c. Elasticity of supply
   d. Unitary elastic supply

20. Relationship between price and supply is ______
   a. Positive
   b. Negative
   c. Direct
   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. Explain the law of variable proportions with the help of Graph. 10

2. What is cost? Discuss its various types. 2+8=10

3. What determines the market price in a perfectly competitive market? 10

4. a) What are the main features of an oligopoly market structure? 5+5=10
   b) What are the characteristics of a monopoly market structure?

5. a) What is Marshal's law of demand? 3+7=10
   b) Discuss the types of price elasticity of demand.

6. What is Business Economics? Discuss its characteristics. 2+8=10

7. a) Discuss the determinants of supply. 5+5=10
   b) Explain the Scope of Business Economics.

8. Case Study: Government intervention 2.5×4=10

In Germany in 2009 there was considerable debate about the extent to which the government should be intervening in the economy. For example, its citizens were worried about the future of Opel, a German car brand that was part of the ailing General Motors. Some wanted the government to make sure jobs were saved no matter what. Others, however, were more hesitant and worried about becoming the government becoming too interventionist. Traditionally since the Second World War, the German government has seen itself as a referee in market issues and has avoided trying to control parts of the economy. It would regulate anti-competitive behaviour, for example, but not try to run many industries. However, in the recession of 2009 when the economy was shrinking the government was forced to spend more to stimulate demand and had to intervene heavily to save the banking sector from collapse. The government also had to offer aid to businesses to keep them alive.

Questions

1) What are the possible benefits of a government intervening in an economy?
2) What are the arguments against government intervention in an economy?
3) What prompted greater intervention by the German government in 2009?
4) What would determine whether the German continued to intervene on this scale in the future?

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