

**BACHELOR OF BUSINESS ADMINISTRATION**

**First Semester**

**Principle of Economics**

**(BBA- 04)**

**Duration: 3Hrs.**

**Full Marks: 70**

**Part-A (Objective) =20**

**Part-B (Descriptive)=50**

**(PART-B: Descriptive)**

**Duration: 2 hrs. 40 mins.**

**Marks: 50**

**1. Answer the following: (any five)**

**5×2=10**

- a) Define the term demand.
- b) Briefly state the demand law.
- c) Define the term supply.
- d) Define Elasticity of supply.
- e) State and explain Production function.
- f) Define average cost
- g) Define the term market

**2. Briefly describe the following : (any five)**

**5×3 =15**

- a) Answer why demand curve slopes downward.
- b) Define elasticity of demand.
- c) Mention the different factors of production
- d) Demand forecasting.
- e) Mention the features of perfect competition
- f) What is monopoly market?
- g) Why is average cost curve 'U' shaped?



**3. Answer the following : (any five)**

**5×5=25**

- a) Discuss the role and responsibilities of Managerial Economist.
- b) Discuss the law of variable proportions.
- c) Discuss the various determinants of Supply.
- d) Discuss the different phases of Business Cycle.
- e) Supply depends on different determinants, explain.
- f) How a firm under perfect competition attains equilibrium.
- g) Explain how a monopoly firm attains equilibrium.

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**Principles of Economics**

**(BBA- 04)**

*(The figures in the margin indicate full marks for the questions)*

**Duration: 20 minutes**

**Marks – 20**

**PART A- Objective Type**

**All the questions are compulsory.**

**1×20=20**

1. The law of demand refers to
  - a) Price supply relationship
  - b) Price cost relationship
  - c) Price demand relationship
  - d) Price income relationship
  
2. In a typical demand schedule, quantity demanded
  - a) Varies directly with price
  - b) Varies proportionately with price
  - c) Varies inversely with price
  - d) Is independent of price
  
3. Normally when price per unit of a good falls, its
  - a) Quantity demanded increases
  - b) Quantity demanded decreases
  - c) Quantity demanded remains constant
  - d) None of these happens
  
4. When the price of a substitute of commodity X falls, the demand for X
  - a) Rises
  - b) Falls
  - c) Remains unchanged
  - d) Any of the above
  
5. If the price of coffee suddenly shoots up, ceteris paribus, the demand for tea is expected to-
  - a) Move rightward along the original demand curve
  - b) Increase
  - c) Remains unaffected
  - d) Decrease



6. Cross demand is the change in the quantity demanded to a given commodity in response to the
- Change in the utility of another commodity
  - Change in the price of another commodity
  - Change in the nature of another commodity
  - Change in the size of another commodity
7. To calculate the elasticity of demand which of the following formula is used
- $\frac{\text{percentage change in demand}}{\text{original demand}}$
  - $\frac{\text{proportionate change in demand}}{\text{proportionate change in price}}$
  - $\frac{\text{change in demand}}{\text{change in price}}$
  - None of the above
8. In general, profit will be at a maximum where
- MC=MR
  - MC>MR
  - MC<MR
  - MC=MR=1
9. Under perfect competition a firm will be in equilibrium if
- MC=MR
  - MC cuts the MR from below
  - MC rises when it cuts the MR
  - All the above three conditions are fulfilled
10. Under perfect competition , a firm will be in equilibrium when its AC is
- At a maximum
  - At a minimum
  - Covering only prime costs of production
  - Covering wages and salaries only
11. Price discrimination is possible
- Only under monopoly situation
  - Under any market form
  - Only under monopolistic competition
  - Only under perfect competition
12. In perfect competition there are
- A single sellers
  - Two sellers
  - Many sellers
  - None of the above
13. Average cost is
- $\frac{TC}{Q}$
  - $\frac{Q}{TC}$
  - Q=TC
  - None of the above

14. Marginal Cost is
- Change in TC given a unit change in quantity
  - Change in quantity given a unit change in TC
  - $\frac{Q}{TC}$
  - None of the above.
15. Under Monopolistic competition nature of product is
- Homogeneous
  - Close substitute
  - Differentiated
  - None of the above
16. Entry Barrier for firms in Monopoly is.
- Very high
  - None
  - Substantial
  - Normal
17. Functional relationship between physical input and output is called
- Production function
  - Consumption function
  - Investment function
  - None of the above
18. Under perfect competition nature of product is
- Homogeneous
  - Close substitute
  - Differentiated
  - None of the above
19. In law of variable proportion there are
- Two stages of returns
  - Three stage stages of returns
  - Four stages of returns
  - All of the above
20. In monopoly, firms are earning
- Normal profit
  - Super normal profit
  - Loss
  - All of the above