(Please write your Exam Roll No.)

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## END TERM EXAMINATION

FIRST SEMESTER [BBA] NOVEMBER-DECEMBER 2017 Subject: Business Economics

## Paper Code: BBA-107 BBA (B&I)-107

Maximum Marks: 75

Time: 3 Hours

Note: Attempt any five questions. All questions carry equal marks.

- What is the meaning of business economics? How is it different from economics? Explain its nature and relationship with other disciplines. Q1
- (a) Would you agree that discounting is a technique of computing opportunity cost of investment decision, keeping the time perspective in Q2 consideration?

(b) Define the term equilibrium. What are the forces which affect the equilibrium in the market?

## Review your understanding of each term: Q3

- (a) Elasticity of income expectation by a salary earner.
  - (b) Elasticity of sales expectations by MTNL.
  - (c) Elasticity of price expectation in bond market.
  - (d) Gold price elasticity of jewellery sale.
  - (e) Housing loan elasticity of demand for residential construction.

Also, suggest the operational business use of each.

- Explain the equilibrium of a consumer with the help of indifference curve analysis. Also, decompose the price effect into income and substitution Q4 effect in case of normal goods.
- Distinguish between the following:-Q5
  - (a) Returns to a factor and returns to scale
  - (b) Inferior goods and inferior factors
  - (c) Average production and marginal production
  - (d) Short run average cost and long run average cost
  - (e) Indifference curve and Isoquants curves
- What is law of variable proportions? What are its assumptions? How does it help in determining the different stages of production? State its 06 importance clearly.
- "Firms may not always maximize profit but they do satisfy profit 07 constraint and they do have a profit policy." Discuss.
- What is Oligopoly? How is it different from other forms of market? How Q8 price is determine under this type of market?

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