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47 (BBA-1) BUEC (O)

2021

(Held in 2022)

BUSINESS ECONOMICS

Paper : 1-2

Full Marks : 80

Time : Three hours

***The figures in the margin indicate
full marks for the questions.***

1. Choose the correct answer : $1 \times 10 = 10$

(a) The demand curve will shift to the right
due to a change in

- (i) income
- (ii) prices of related goods
- (iii) taste and Preferences
- (iv) All of the above

Contd.

(b) The 'kinked' demand hypothesis exists under _____ type of market.

- (i) oligopoly
- (ii) monopolistic
- (iii) monopoly
- (iv) perfect competition

(c) When the demand for tea changes due to a change in the price of coffee, it is a case of

- (i) cross elasticity
- (ii) income elasticity
- (iii) price elasticity
- (iv) unit elasticity

(d) Firms under perfect competition in the long run can earn only

- (i) normal profit
- (ii) super-normal profit
- (iii) losses
- (iv) All of the above

(e) At times of depression, the Govt. should adopt a policy of

- (i) deficit budgeting
- (ii) surplus budgeting
- (iii) balanced budgeting
- (iv) None of the above

(f) Which of the following is an example of implicit cost ?

- (i) Payment of wages to hired labour
- (ii) Cost of raw materials
- (iii) Payment of tax
- (iv) Managerial salary of the entrepreneur

(g) A vertical straight line demand curve has an elasticity equal to

- (i) one
- (ii) zero
- (iii) two
- (iv) > 1

(h) When the total product (TP) is maximum, the marginal product (MP) is equal to

- (i) zero
- (ii) one
- (iii) negative
- (iv) three

(i) The law of variable proportions is a case of production function.

- (i) short-run
- (ii) long-run
- (iii) medium-run
- (iv) homogeneous

(j) The demand for salt will be

- (i) elastic
- (ii) inelastic
- (iii) perfectly elastic
- (iv) None of the above

2. Answer in brief : $2 \times 5 = 10$

- (a) Give *two* examples of variable cost of production.
- (b) State the law of demand.
- (c) Define opportunity cost of production.
- (d) What is the formula for calculating price elasticity of demand ?
- (e) What is the condition for equilibrium of a firm ?

3. Answer **any four** from the following :

$5 \times 4 = 20$

- (a) What is implicit cost of production ?
- (b) Explain fixed and variable costs of production with the help of examples.
- (c) Show the relationship between average and marginal costs of production.

- (d) What are the conditions of perfect competition ?
 - (e) Write a short note on discriminating monopoly.
 - (f) What are economies and dis-economies of scale ?
4. Answer **any five** from the following :

$$8 \times 5 = 40$$

- (a) What is an iso-quant ? What are the properties of an iso-quant ?
- (b) Explain with the help of diagrams, different degrees of elasticity of demand.
- (c) What is a trade cycle ? What are different phases of a trade cycle ?
- (d) How are price and output determined under perfect competition ?
- (e) What are the important features of an oligopoly type of market ?

- (f) Explain the law of variable proportions with the help of a diagram.
- (g) Explain the responsibilities of a business economist.
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