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(July)

BUSINESS ADMINISTRATION

(Honours)

(Principles of Economics)

(BBAC-201)

Marks : 75

Time : 3 hours

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

PART—A

(Marks : 15)

1. What is managerial economics? 3

Or

What are the alternative objectives of a
business firm? 3

2. What are the assumptions of indifference
curve analysis? 3

Or

Why is demand forecasting needed? 3

3. What is marginal rate of technical
substitution? 3

Or

Explain the relationship between average
cost and marginal cost. 3

4. What are cartels? Name the different types of
cartels. 3

Or

What are the features of perfect competition? 3

5. Distinguish between net interest and gross
interest. 3

Or

Distinguish between money wage and real
wage. 3

PART—B

(Marks : 50)

UNIT—I

6. Define utility and wealth. Discuss the
fundamental problems of an economy. 2+2+6=10

Or

Discuss the significance of managerial
economics for managers. Briefly explain
Baumol's sales revenue maximization
hypothesis. 4+6=10

(3)

UNIT—II

7. Define price elasticity of demand. Explain the point method of measuring price elasticity of demand. 3+7=10

Or

What is consumer's equilibrium? Explain how a consumer is in equilibrium under Revealed Preference Theory. 2+8=10

UNIT—III

8. What is production function? Explain the law of variable proportions. 2+8=10

Or

What is a planning curve? Discuss why LAC curve is flatter than the SAC curve. Explain the relationship between average revenue and marginal revenue under imperfect competition. 2+6+2=10

UNIT—IV

9. What is monopoly? Explain how price and output are determined under monopoly. 2+8=10

Or

What is monopolistic competition? Explain how an individual firm is in equilibrium under monopolistic competition. 2+8=10

(4)

UNIT—V

10. What is functional distribution? Explain the marginal productivity theory of distribution. 2+8=10

Or

Explain how wage rate is determined under perfect competition in the labour market and under imperfect competition in product market. 10

PART—C

(Marks : 10)

11. (a) Explain increase and decrease in demand. 3
(b) Explain the trend projection method of demand forecasting. 5
(c) What will be the elasticity of demand for a product for a monopolist when his firm is at equilibrium? 2
