

END TERM EXAMINATION**FIRST SEMESTER [BBA] NOVEMBER.-DECEMBER 2018****Paper Code: BBA (GEN)-107
BBA (B&I)-107****Subject: Business Economics****Time : 3 Hours****Maximum Marks :75****Note: Attempt any five questions. All questions carry equal marks.**

- Q1 Define the term "Economic Profits". Also explain the significance of profits in a market economy.
- Q2 Distinguish between "Micro Economics" and "Macro Economics". Also explain their interdependence.
- Q3 (a) Arana buys 6 hours of computer game at a price of Rs. 15 per hour. If we know that her demand for computer game is unit elastic, how much hours of computer game would she buy if its price goes up to Rs. 18 per hour?
(b) Distinguish between increase in demand and increase in quantity demanded with the help of a diagram.
- Q4 (a) Draw a budget line. How will the budget line change if the price of good X falls by 10% and the price of good Y rises by 10%?
(b) Explain the determination of consumer equilibrium with the help of the law of Equi marginal utility.
- Q5 (a) Distinguish between returns to a factor and returns to scale.
(b) Show diagrammatically the relationship between average product and marginal product. Can there be a range of output in which marginal product falls but average product continues to rise? Give reasons.
- Q6 Draw the expansion path of a firm with the help of Iso quant analysis.
- Q7 Explain why?
(a) Demand curve facing a perfectly competitive firm is perfectly elastic.
(b) In the long run equilibrium a monopolistic competitive firm has excess capacity.
(c) An oligopoly firm has a kinked demand curve.
- Q8 Given the following output schedule of a firm, calculate its marginal cost at different levels of output.

Units of fixed input.	Units of variable input	Total output
2	0	0
	1	10
	2	25
	3	50
	4	65
	5	70

Further, the price of a fixed input is Rs. 200 per unit. And the price of a variable input is Rs. 100 per unit.
