(Please write your Exam Roll No.) *Exam Roll No. .....*

END TERM EXAMINATION

FIRST SEMESTER [BBA/BBA(B&I)/BBA(TTM)/(MOM)] DECEMBER-2011

Paper Code: BBA(B&I)/(TTM)/(MOM)103 **Subject: Business Economics-I**

Time : 3 Hours **Maximum Marks :75**

Note: Attempt any five questions.

Q1 Distinguish between **any five** of the following:- **(3x5=15)**

(a) Microeconomics and Macroeconomics
(b) Traditional Economics and Busines Economics.
(c) Normal Profit and Abnormal Profit.
(d) Price elasticity of demand and Cross elasticity of demand.
(e) Explicit cost and Implicit cost.
(f) Homogeneous goods and Differentiated goods.

Q2 (a) Distinguish between movement on a demand curve and shift of a demand curve. Make use of demand equations and graphs. **(8)**
(b) Why does a normal demand curve always slope downwards? **(7)**

Q3 (a) Explain in brief, using diagrams. The properties of an indifference curve. **(6)**
(b) Explain with the help of indifference curves the effect of an increase in the level of income on consumer's equilibrium. **(9)**

Q4 (a) What is a 'production function'? Distinguish between short-run production function and long-run production function. **(6)**
(b) Explain the law of returns to scale with the help of iso-quants. **(9)**

Q5 (a) What do you mean by factor-proportions? Explain with the help of a schedule and a graph the law of variable proportions. **(10)**
(b) What are inferior goods? Explain with the help of a graph. **(5)**

Q6 With the help of the following output schedule, draw the following curves:-
(a) Average cost curve
(b) Average fixed cost curve
(c) Marginal cost curve

Output Schedule

X-Input (units)	Y-Input (units)	Output (units)
3	0	0
3	1	10
3	2	30
3	3	60
3	4	80
3	5	90
3	6	95
3	7	97

Price of X-input is Rs.100 per unit. Price at Y-input in Rs.200 per unit. **(15)**

Q7 (a) At the equilibrium level of output a perfectly competitive firm's marginal revenue is equal to marginal cost but its average revenue is less than average cost. Should the firm continue to produce or should it close down? **(10)**
(b) What is break-even point of a perfectly competitive firm? Illustrate graphically. **(5)**

Q8 Distinguish between the long-run equilibrium of a monopoly firm and a monopolistic competitive firm. **(15)**

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