

U.G. 1st Semester Examination - 2020**B.B.A.****Course Code : BBBACCHT 102****Course Title: Business Economics**

Full Marks : 40

Time : 2 Hours

*The figures in the right-hand margin indicate marks.**Candidates are required to give their answers in their own words as far as practicable.*1. Answer any **ten** of the following questions:

1×10=10

- a) What is Marginal utility?
- b) Define cross-price elasticity of demand.
- c) For which goods income elasticity is negative?
- d) What is expansion path?
- e) Why, perfectly competitive firm is called a price taker?
- f) If the price elasticity of demand is zero, what will be the shape of the demand curve?

- g) Define break-even point.
- h) Define Gross Domestic Product (GDP).
- i) What do you mean by GDP deflator?
- j) Mention two exceptions to the law of demand.
- k) Distinguish between direct tax and indirect tax.
- l) What is Indifference curve?
- m) What is opportunity cost?
- n) Define Budget line.
- o) Mention the factors which determine the price elasticity of demand.

2. Answer any **five** questions of the following:

2×5=10

- a) Distinguish between direct and indirect tax.
- b) The equation of total revenue function is $R = 250Q - 4Q^2$, find out the equations of AR and MR?
- c) State two properties of Keynesian consumption function.
- d) Distinguish between fixed cost and variable cost.
- e) What is the relation between GDP and GNP? When they are equal?

- f) What do you mean by consumption ratchet or ratchet effect?
- g) If the equation of a demand-curve is $Q = 400 - 20p$, determine the price elasticity of demand when $p=10$, and interpret your result.
- h) Define explicit and implicit cost.

3. Answer any **two** of the following questions:

$5 \times 2 = 10$

- a) What is Public Revenue? Describe the various sources of Public Revenue.
- b) Define Iso-cost and Iso-quant. Explain how optimal output level is determined through these two.
- c) What is double counting problem in economics? Explain it with a suitable example. How can it be avoided?

4. Answer any **one** of the following question:

$10 \times 1 = 10$

- a) What is price elasticity of demand? Determine price elasticity of demand at a particular point on a straight line demand curve. Establish the relationship among AR, MR and price elasticity of demand. $2+5+3$

- b) What are the features of a monopoly market? Explain the short run equilibrium under perfect competition market. $2+8$
- c) Establish the equilibrium in a simple Keynesian model. When is the equilibrium stable? $8+2$
