

**BBA 3rd Semester (Hons.) Examination, 2020-21**  
**BACHELOR OF BUSINESS ADMINISTRATION**

**Course ID: 33213**

**Course Code: BBA-CC-07**

**Course Title: Business Economics**

**Full Marks: 80**

**Time: 3 Hours**

*The figures in the right hand margin indicate full marks.  
Candidates are required to give their answers in their own words as far as practicable.  
Illustrate the answers wherever necessary.*

**Group – A**

**1. Answer all the questions from the following:-**

**1 x 10 = 10**

- a. In economics, desired backed by purchasing power is known as –
  - i) Utility
  - ii) Demand
  - iii) Consumption
  - iv) Scarcity
  - v) None
- b. In the case of perfect elasticity, the demand curve is –
  - i) Vertical
  - ii) Horizontal
  - iii) Flat
  - iv) Step
  - v) None
- c. \_\_\_\_\_ is the base of marketing planning
  - i) Demand Estimation
  - ii) Demand Analysis
  - iii) Demand Function
  - iv) Demand Forecasting
  - v) None
- d. Perfect competition is characterized by –
  - i) Large number of buyers and sellers
  - ii) Homogeneous products
  - iii) Free entry and exit of firms
  - iv) All of the above
  - v) None
- e. Psychological pricing is also called as –
  - i) Penetration pricing
  - ii) Skimming Pricing
  - iii) Odd Pricing
  - iv) All of the above
  - v) None
- f. Car and Petrol are –
  - i) Complementary goods
  - ii) Substitute Goods
  - iii) Supplementary Goods
  - iv) Reserved Goods
  - v) None

- g. Law of demand shows the functional relationship between \_\_\_\_\_ and quantity demanded.
- i) Supply
  - ii) Cost
  - iii) Price
  - iv) Requirements
  - v) None
- h. Tea and coffee are –
- i) Complimentary goods
  - ii) Substitutes goods
  - iii) Supplementary goods
  - iv) Reserved goods
  - v) None
- i. The short run production function is called –
- i) Returns to scale
  - ii) Law of variable proportion
  - iii) Production possibility frontier
  - iv) All of the above
  - v) None
- j. Which are the characteristics of monopoly?
- i) Single seller or producer
  - ii) No close Substitutes
  - iii) Inelastic demand curve
  - iv) All of the above
  - v) None

**Group – B**

**2. Answer any TEN from the following:-**

**2 X 10 = 20**

- a. What is price discrimination?
- b. Write down the two functions of money;
- c. Define point price elasticity of demand;
- d. State the law of demand;
- e. What do you mean by business economics?
- f. What is public debt?
- g. Name two sources of public revenue;
- h. What is demand forecasting?
- i. What is an iso quant?
- j. State the relation between average and marginal cost;
- k. What is circular flow of income?
- l. What is a central bank?
- m. What is monetary policy?
- n. What doo you mean by duopoly?
- o. Define investment multiplier ;

**Group- C**

**3. Answer any FOUR from the following :-**

**5 X 4 = 20**

- a. Write a short note on perfect competition ;
- b. Write down the features of monopoly;
- c. State the importance of demand forecasting;
- d. Write a short note on returns to scale;
- e. Explain the relationship between AP and MP and TP with help of a diagram;
- f. Distinguish between direct and indirect tax;

**Group – D**

**4. Answer any THREE from the following:-**

**10 x 3 = 30**

- a. Discuss the different sources of public revenue;
  - b. Discuss the liquidity preference theory;
  - c. What are the exceptions of law of demand? Explain why demand curve is downward slopping ;  
5 + 5
  - d. Explain the functions of a central bank;
  - e. Discuss the nature of Business economics;
  - f. Derive the investment multiplier in the simple Keynesian model by stating your assumption;
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