

END TERM EXAMINATION

FIRST SEMESTER [BBA] DECEMBER 2007

Paper Code: BBA103

Subject: Business Economics-I

Paper Id: 17103

Batch: (2004-2007)

Time : 3 Hours

Maximum Marks : 75

Note: Attempt five questions including Q.1 which is compulsory. All questions carry equal marks.

- Q1 Comment on the following:-
- (a) Price strategy adopted by a firm is influenced by life cycle of a product.
 - (b) Differentiated product is a feature of monopolistic competition.
 - (c) If marginal revenue is more than marginal cost, the firm should expired its output.
 - (d) The gap between average cost and average variable cost keeps falling with increase in output.
 - (e) With the price of a commodity rising, if total revenue falls, it is a base of less than unit elasticity.
- Q2
- (a) What is the business use of demand forecasting? What are the steps in demand forecasting?
 - (b) Explain the types of elasticity of demand.
- Q3 Write short notes on the following:-
- (a) Opportunity cost
 - (b) Time value of money
 - (c) Indifference curves
 - (d) Marginalism and incrementatalism
- Q4
- (a) What is law of demand? What are the various exceptions to the law of demand?
 - (b) Explain the various factors affecting the elasticity of demand.
- Q5 Distinguish between pure competition, perfect competition and monopolistic competition. Does $MR=MC$ always ensure stable equilibrium for a firm under perfect competition use diagrams?
- Q6
- (a) What do you mean by production function? Explain various types of production functions.
 - (b) What are the ISOQUANTS? Explain the properties of isoquants.
- Q7 Explain with diagrams the main characteristics of an oligopolistic market and equilibrium of a firm facing kinked demand curve.