BBA-104

ECONOMICS-I

Time Allotted: 3 Hours   Full Marks: 70

The questions are of equal value.
The figures in the margin indicate full marks.
Candidates are required to give their answers in their own words as far as practicable.

GROUP A
(Multiple Choice Type Questions)

1. Answer any *ten* questions. $10×1 = 10$

    (i) An example of violation of law of supply is

    (A) labour supply curve

    (B) supply curve of shares and stocks

    (C) an original artwork of Michael Angelo

    (D) all of these

    (ii) Anil buys 10 kg of potato per month when the price is Rs. 7.5 per kg. If the price falls to Rs. 5.00 kg, he buys 30 kg of potato. What is his arc (average) elasticity of demand over this price range?

    (A) –1.33   (B) –2
    (C) –2.5   (D) –6

    (iii) As long as the principle of diminishing marginal utility is operating, any increased consumption of a good.

    (A) lowers total utility

    (B) produces negative total utility

    (C) lowers marginal utility and, therefore, total utility

    (D) lowers marginal utility, but may raise total utility

(iv) Indicate below what is not a factor of production

    (A) bank loan   (B) land

    (C) capital   (D) labour

(v) Production function depicts the relation between

    (A) demand and supply   (B) input and output

    (C) both (A) and (B)   (D) none of these

(vi) Under perfect competition

    (A) MR > AR   (B) MR < AR

    (C) MR = AR   (D) none of these

(vii) In perfect competition, the supply curve in the short run is

    (A) rising portion of MC curve above the minimum AVC curve

    (B) rising portion of AVC curve

    (C) falling portion of AC curve

    (D) none of these

(viii) The slope of the total variable cost curve equals

    (A) average variable cost   (B) marginal cost

    (C) average cost   (D) marginal physical product

(ix) If a monopolist's demand curve is downward sloping and linear, then its total revenue curve must be

    (A) identical to the demand curve

    (B) a ray from the origin with a slope equal to price

    (C) negatively sloped with twice the slope of the demand curve

    (D) a rising function of output that increases at an increasing rate

(x) A monopolistically competitive firm differs from a perfectly competitive firm in that, unlike the perfectly competitive firm, it

    (A) faces a downward sloping demand curve

    (B) can change the characteristics of its product

    (C) can vary the price of its product

    (D) all of these

(xi) In the kinked demand curve model of oligopoly the demand curve is kinked because

(A) of the differences in quantity demanded

(B) of the differences in quantity supplied

(C) of the differences in elasticity demanded

(D) none of these

(xii) In the Keynesian theory rate of interest is

(A) monetary thing   (B) real thing

(C) both real and monetary   (D) none of these

GROUP B
(Short Answer Type Questions)

Answer any *three* questions.   3×5 = 15

2. Define isoquant. What are the salient properties of isoquant?   1+4

3. What is an inferior goods? Distinguish between interior goods and giffen goods.   2+3

4. Why the long run average cost curve is called the "Envelope Curve".   5

5. What are the features of perfect competition?   5

6. Explain the risk-uncertainty theory of profit.   5

GROUP C
(Long Answer Type Questions)

Answer any *three* questions.   3×15 = 45

7. What is production function? How does a long run production function differ from a short run production function? Why does production eventually experience diminishing marginal returns to labour in the short run? What do you understand by ridge line?   2+4+5+4

8. State and explain the properties of an Indifference curve. Explain graphically how a consumer's equilibrium could be reached.　　6+9

9. Define monopoly. Show the short run and long run equilibrium of a monopolist firm.　　1+7+7

10. What is normal profit? Explain the Cournot's model of duopoly. What is barometric price leadership?　　2+8+5

11. Explain the difference between short run equilibrium and long run equilibrium in monopolistic competition.