

CS/BBA(H)/BIRM/BSCM/Odd/Sem-1st/BBA-104/2015-16



**MAULANA ABUL KALAM AZAD UNIVERSITY OF TECHNOLOGY,  
WEST BENGAL**

**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.  
All symbols are of usual significance.*

**GROUP A  
(Multiple Choice Type Questions)**

1. Answer any *ten* questions. 10×1 = 10
- (i) The law of demand states that
- (A) price and quantity demanded are inversely related
  - (B) the larger the number of buyers in a market, the lower will be the product price
  - (C) price and quantity demanded are directly related
  - (D) consumers will buy more of a given product at high prices than they will at low prices
- (ii) Ceteris Paribus means other things remaining
- (A) variable
  - (B) negative
  - (C) right
  - (D) constant

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- (iii) With increase in income, if demand falls, elasticity of demand is said to be
- (A) negative (B) positive  
(C) zero (D) none of these
- (iv) Laws of returns to scale holds in
- (A) short run (B) long run  
(C) both (A) and (B) (D) none of these
- (v) The degree of monopoly power is
- (A) P-AC (B) P-MC  
(C) TR-TC (D) MR-MC
- (vi) In the short run
- (A) all the factors of production are variable  
(B) all the factors of production are fixed  
(C) some factors of productions are fixed  
(D) none of these
- (vii) Quasi rent will appear
- (A) only in the short run (B) only in the long run  
(C) in both short and long run (D) none of these
- (viii) Implicit cost or imputed cost refers
- (A) sunk cost (B) opportunity cost  
(C) marginal cost (D) both (B) and (C)
- (ix) Under discriminating monopoly, monopolist charges
- (A) different prices  
(B) same prices  
(C) no prices  
(D) sells only different levels of output

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- (x) A bilateral monopoly is the one in which
- (A) two monopolists sharing the profits
  - (B) two industrials hearing a monopoly firm
  - (C) local monopolist meeting international monopolist
  - (D) a monopolist facing a monopsonist firm
- (xi) If there are two buyers in the market, the market is called
- (A) Duopoly
  - (B) Duopsony
  - (C) Oligopoly
  - (D) none of these
- (xii) In Ricardian theory, rent will arise only for
- (A) land
  - (B) land and labour
  - (C) capital
  - (D) none of these

**GROUP B**  
**(Short Answer Type Questions)**

- Answer any *three* questions. 3×5 = 15
2. Explain why there is no supply curve in monopoly. 5
  3. Define Ridge Lines. Show the economic range of production using ridge lines. 1+4
  4. Discuss the features of monopolistic competition. 5
  5. Explain the different concepts of elasticity of demand. 5
  6. Distinguish between returns to scale and returns to variable factor. 5

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**GROUP C**  
**(Long Answer Type Questions)**

Answer any *three* questions.

3×15 = 45

7. Why is the short-run AC curve of a firm U-shaped? Establish the conditions for profit maximization or equilibrium of a firm. 7+8
8. Discuss the relationship between total product, average product and marginal product. 15
9. (a) Colgate sells its standard size toothpaste for Rs. 25. Its sales have been on an average 8000 units per month over the past year. Recently, its close competitor Pepsodent reduced the price of its same standard size toothpaste from Rs. 35 to Rs. 30. As a result, Colgate sales declined by 1500 units per month. 10
- (i) Calculate the cross price elasticity between the two products.
- (ii) What does your estimate indicate about the relationship between the two?
- (b) Explain why indifference curve cannot intersect each other. 5
10. What is Economic rent? Discuss the differences between Ricardian and modern theory of rent. 3+12
- 11.(a) Explain the Marginal productivity theory of factor pricing. 8
- (b) Explain how wage rate is determined under perfect competition in both labour and product market. 7