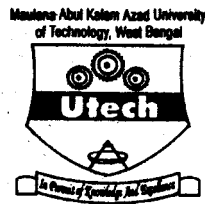


CS/BBA/BSCM/BIRM/ODD SEM/SEM-1/BBA-104/2016-17



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

Paper Code : BBA-104

ECONOMICS - I

Time Allotted : 3 Hours

Full Marks : 70

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. Choose the correct alternatives for any *ten* of the following : 10 × 1 = 10
- i) Income elasticity of demand for an inferior good is
 - a) Negative
 - b) Positive
 - c) Zero
 - d) One.
 - ii) Expansion path for a homogeneous production function will be
 - a) Negatively sloped
 - b) Positively sloped
 - c) Horizontal
 - d) Positively sloped straight line.

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[Turn over.

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- iii) If price elasticity of demand > 1 then MR is
- a) > 0
 - b) < 0
 - c) 0
 - d) none of these.
- iv) When the total product is maximum, marginal product is
- a) zero
 - b) positive
 - c) negative
 - d) infinity.
- v) Under Constant Returns to Scale, the long-run Average Cost curve is
- a) Horizontal
 - b) Upward rising
 - c) Downward falling
 - d) Vertical.
- vi) Shut down point exists at
- a) Minimum point of average variable cost curve
 - b) Minimum point of short run average cost curve
 - c) Minimum point of long run marginal cost curve
 - d) Minimum point of short run fixed cost curve.
- vii) Long run cost curves are known as planning curves because
- a) They are tangent to the minimum points of the short run cost curves showing least cost of production
 - b) They cover the short run cost curves
 - c) They show low costs of raw materials
 - d) All of these.
- viii) Slope of an Iso-quant Curve expresses Marginal Rate of
- a) Technical Substitution
 - b) Increasing Returns
 - c) Decreasing Returns
 - d) Revenue Returns.

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- ix) When AC is minimum
- a) $AC = MC$
 - b) $MC > AC$
 - c) $MC < AC$
 - d) None of these.
- x) Supply curve of a monopolist is
- a) upward rising
 - b) vertical
 - c) horizontal
 - d) non-existent.
- xi) Dumping involves
- a) Selling at the lower price in the domestic market
 - b) Price discrimination between two customers
 - c) Dump goods at market and sell it on footpath
 - d) Price discrimination in the home market and the foreign market.
- xii) When elasticity of supply is one, the supply curve
- a) Passes through the origin
 - b) Downward sloping
 - c) Touches the x-axis
 - d) None of these.

GROUP - B

(Short Answer Type Questions)

Answer any *three* of the following. $3 \times 5 = 15$

2. Discuss how elasticity is measured at different points on a downward sloping demand curve.
3. What is price discrimination ? When is it possible ? When is it profitable ?
4. What are positive and negative externalities ? Explain with examples.
5. How does the equilibrium condition differ between a perfectly competitive market and a monopolistic market ?
6. Establish the relationship between AR, MR and price elasticity of demand.

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GROUP - C

(Long Answer Type Questions)

Answer any *three* of the following. $3 \times 15 = 45$

7. The demand function for a good X is given by
 $D(x) = 50 - 0.8P(X) + 3P(y) + 200Y$
Where $D(x)$ stands for demand for good X
P stands for the price of good x/y
Y stands for the income.
- a) Explain the above function and the nature of the goods.
 - b) Find the price elasticity of story books when $P(x) = \text{Rs. } 50$. Interpret this
 - c) Interpret the nature of commodity X from its income elasticity when $Y = \text{Rs. } 30$.
 - d) Conclude and interpret about the relation between good X & Good Y from the cross price elasticity when $P(y) = 10$. $3 + 3 + 3 + 6$
8. What is meant by Economics of Scale ? Relate Economics of Scale to the shape of the LAC curve. What is the relationship between LAC and LMC ? $3 + 9 + 3$
9. Determine the short run equilibrium in perfect competition. Show the break even and shut down point. Will the firm shut down if it earns loss ? If not, then when ? $10 + 2 + 3$
10. In the context of an oligopolistic market, explain the concept of Kinked demand curve. Comment on the determination of equilibrium in this model. $8 + 7$
11. Write short notes on any *three* of the following : 3×5
- a) Quasi-rent and Economic Rent
 - b) Bilateral Monopoly
 - c) Properties of Iso-quant
 - d) Characteristics of monopolistic competition
 - e) Theories of Profit.