BBA-304

BUSINESS ECONOMICS

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. $10 \times 1 = 10$

(i) Type of deprecation that arises out of economic factors like suppression, obsolescence and inadequacy is called

(A) physical depreciation   (B) functional depreciation

(C) accidental depreciation   (D) non-functional depreciation

(ii) Organization of Petroleum Exporting Countries (OPEC) is a classical example of

(A) cartel   (B) natural monopoly

(C) perfect competition   (D) duopoly

(iii) In a pay-off matrix

(A) always a saddle point exists   (B) never a saddle point exists

(C) not always a saddle point exists   (D) none of theses

(iv) Which of the following will cause the IS curve to shift?

(A) a change in money supply   (B) a change in taxes

(C) a change in employment   (D) none of these

(v) When CRR decreases, money supply in the economy

(A) increases   (B) decreases

(C) remains constant   (D) none of these

(vi) Theory of Comparative Advantage is given by

    (A) Ricardo   (B) Smith

    (C) Todaro   (D) Mill

(vii) As resources are shifted from one industry to another, this can be shown by

    (A) an inward shift of the production possibility frontier

    (B) a movement along the production possibility frontier

    (C) an outward shift of the production possibility frontier

    (D) the pivoting of the production possibility frontier

(viii) The uncertainty theory of profit is due to

    (A) Knight   (B) Hawley

    (C) Walker   (D) J.B.Clark

(ix) If $c = 100 + 0.65y$, then the value of marginal propensity to save is

    (A) 0.65   (B) 0.5

    (C) 0.35   (D) 0.60

(x) WTO became effective on

    (A) 1st January, 1971   (B) 26st January, 1985

    (C) 1st January, 1995   (D) none of these

(xi) Transaction demand for money is dependent on

    (A) precautionary motive of the people

    (B) market rate of interest

    (C) level of income

    (D) hoarding propensity of the people

(xii) A zero-sum game is called

    (A) a strictly determinable game   (B) a fair game

    (C) game without a saddle point   (D) none of these

GROUP B
(Short Answer Type Questions)

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

2. Describe two principal weapons of trade restriction.   5

3. Explain the different ideas of demand for money.   5

4. What is the role of breakeven analysis in profit forecasting? 5

5. Distinguish between monetary and fiscal policy.   5

6. Distinguish between fixed exchange rate and flexible exchange rate. 5

GROUP C
(Long Answer Type Questions)

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

7. Define Nash Equilibrium. Explain its concept in the context of   5+10
    "Prisoners Dilemma".

8. (a) Find out the trend equation and sales in 2007 from the following   9+6
    information :

Year	2000	2001	2002	2003	2004	2005	2006
Sales (Rs)	1,000	2,000	2,500	3,500	5,000	8,000	10,000

   (b) Write a note on point and interval estimation.

9. Differentiate between Balance of Payments and Balance of Trade.   5+10
    Discuss the salient points of trade liberalisation in India.

10. Discuss how IS and LM curves could be derived.   15

11.   Write short notes on any *three* of the following: 3×5
     (a) WTO
     (b) Business cycle.
     (c) Functions of commercial bank.
     (d) Theory of comparative advantage.
     (e) Normal profit.