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# ST. XAVIER'S COLLEGE (AUTONOMOUS)

**1st SEMESTER EXAMINATION  
B.B.A.  
NOV - DEC 2010**

**BUSINESS ECONOMICS - I**

**BECA3101**

Wednesday, December 01, 2010 9:30 am to 12:30 pm

Time allowed: **3 hours**

Full Marks: **75**

### **Instructions:**

- Use fountain pen or ball-point pen of blue or black ink.
- Answer in your own words as far as practicable.
- Do not write anything on the Question paper other than your Roll No.

## MODULE I

### GROUP A

Answer any seven questions.

[7x2=14]

1. Lovers of classical music persuade government to impose a price ceiling of Rs. 40 per concert ticket. As a result of this policy, do more or fewer people attend classical music concert?
2. Is the price elasticity of supply usually larger in the short run or in the long run? Why?
3. Explain the concept of opportunity cost.
4. 'A rise in demand for flats leads to a rise in rent but a rise in rent reduces the demand for flats' – Is there a paradox?
5. Under what conditions will a firm under perfect competitions shut down temporarily? Explain.
6. Explain why a monopolist will never produce a quantity at which demand curve is inelastic.
7. How is monopolistic competition like monopoly? How is it like perfect competition?
8. Define diseconomies of scale and explain why they might arise.
9. Among monopoly, perfect competition, monopolistic competition and oligopoly, how would you classify the market for each of the following products –  
(a) Coke; Pepsi (b) Electricity.
10. Use demand curve to analyse “a decrease in British beef necessitates the slaughtering of large number of Cattle.”
11. Explain the concept of arc elasticity of demand.
12. Distinguish between returns to scale and returns to inputs.

### GROUP B

Answer any three questions.

[12x3=36]

13. (a) How does the price systems act as an allocation of resources and distributor of goods in a market economy? What is the allocation principle behind resource use?  
(b) If the price ratio  $\frac{P_L}{P_K}$  deviates from the marginal productivity ratio,  $\frac{MP_L}{MP_K}$ , what does it implicate about efficiency in resource use? [8+4=12]
14. (a) Why is the market equilibrium stable under normal demand and supply conditions?  
(b) Analyse the effect of price ceiling on equilibrium quantity and price and on producer and consumer surpluses. [4+8=12]
15. (a) How is industry price and quantity determined in the long run under perfect competition?  
(b) If entry restrictions prevent new firms from entering the market, what will happen to the long run equilibrium? [8+4=12]
16. Discuss the behaviour of the total, average and marginal product functions in the short run and in the long run. [12]
17. (a) Compare the quantity and price of Cournot duopoly to there of competition market.  
(b) What is the prisoner's dilemma'? What is its strategic implications for an oligopoly? [6+6=12]

18. Write short notes on (**any two**): [2x6=12]
- (a) Peak load Pricing.
  - (b) Stackelberg Model.
  - (c) Features of monopolistic competition.
  - (d) Long run average cost. (LAC).

## **MODULE II**

### **GROUP A**

Answer **any three** questions. [3x3=9]

1. What do you mean by economic environment of business?
2. Identify three non-economic factors that are relevant for Indian business environment.
3. What do you understand by economic growth?
4. What is human capital? How does it differ from business capital?
5. What are the obstacles to economic growth in India?

### **GROUP B**

Answer **any two** questions. [2x8=16]

6. Comment on the changing profile of India's business environment in the post-liberalisation period.
7. Comment on the growth of the Indian economy in the post-independence period. What are the future growth projections?
8. What do you understand by Industrial Regulatory Framework of India in the pre-liberalisation period? How did it affect the private sector?
9. Write short notes on (**any two**): [2x4=8]
  - (a) Public sector performance.
  - (b) Industrial policy changes since 1990.
  - (c) Public institutional capital and infrastructural capital.

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