

**BBA (H) Semester II Examinations, 2022**

**Subject: Business Economics**

**Paper: BBA-2.1**

**Time: 4 Hours**

**Full Marks: 80**

*The figures in the margin indicate full marks*

*Candidates are required to give their answers in their own words as far as practicable*

**Answer Q. 1 and any five from the rest.**

1. Answer any ten questions. 2×10=20
- (a) What do you mean by opportunity cost?
  - (b) What is scarcity?
  - (c) How business economics is related to accountancy?
  - (d) What do you mean by income elasticity of demand?
  - (e) What are the different factors of production?
  - (f) What is a cost function?
  - (g) What do you mean by sunk cost?
  - (h) What do you mean by a market?
  - (i) State two situations in which price discrimination is possible.
  - (j) State the difference between a consumption function and saving function.
  - (k) What do you mean by investment multiplier?
  - (l) "A central bank is a bank which controls credit"- Discuss.
  - (m) State two important functions of a Commercial Bank.
  - (n) What do you mean by speculative demand for money?
  - (o) State an important implication of liquidity preference theory.
2. Discuss the nature and scope of Business Economics and examine the significance of economic analysis in business decisions. 12
3. "Four concepts of revenue are important in demand analysis"- Briefly explain these concepts and examine the relation involving average revenue, marginal revenue and price elasticity of demand. 8+4=12
4. State the law of variable proportions and in the light of this law, derive total product, average product and marginal product curves 2+10=12
5. (a) Explain why the short run average and marginal cost curves are normally U-shaped.  
(b) "LAC is the envelope of the SAC curves"-Briefly discuss the implication of this statement. 8+4=12
6. Provide a comparative discussion on the difference between equilibrium of a firm under perfect competition and that of a monopolist firm. 12
7. Discuss any two methods of measuring national income. 12
8. Explain how equilibrium level of national income is determined by the level of effective demand in a simple two-sector Keynesian model.  
12
9. (a) Explain any one function of money.  
(b) Describe the two components of money supply. 4+8=12
10. Write short notes any two of the following:
- (a) Demand forecasting
  - (b) Difference between arc price elasticity and point price elasticity.
  - (c) Cobb-Douglas production function.
  - (d) Monetary policy. 6+6=12

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