

Dr. Babasaheb Ambedkar Open University
Term End Examination February – 2026

Course	: BBAR/DBAR	Date	: 28-Feb-26
Subject Code	: BBAR-104/DBAR-104	Time	: 11:30am to 01:45pm
Subject Name	: Business Economics	Duration	: 02.15 Hours
		Max. Marks	: 70

Section A

Answer the following (Attempt any three) (30)

1. Define Basic Problems of an Economy.
2. Write any 3 cost concept in detail.
3. Write a note on Determinants of Demand.
4. What is the technique of Indifference Curve?
5. Explain theory of Distribution.

Section B

Answer the following (Attempt any four) (20)

1. Explain Merits and demerits of Microeconomics.
2. How Market Mechanism Solves the Basic Problems?
3. Define Types of Elasticity of Demand.
4. Explain Methods of Demand Forecasting.
5. Discuss price determination under Perfect Competition.
6. Discuss concept of externalities with historical examples.

Section C

Part – A (Multiple Choice Questions) (10)

1. ____ in his Principles of Economics (1890) treated economics as a study of mankind in the ordinary business of life.
A Dr. Alfred Marshall B Lord Robbins
C Adam Smith D Mukharji
2. The term 'microeconomics' is derived from the Greek word mikros', meaning
A Tiny B Small
C Big D Very Very Small
3. The _____ problem lies in making the best use of our resources.
A Economic B Indian
C Money D None of the above
4. The market system is governed by what Adam Smith called.
A Invisible hands B Invisitable mind
C Invisible eyes D All of the above

- 5 Total Cost =
 A Fixed Cost - Variable Cost B Fixed Cost + Variable Cost
 C Fixed Cost / Variable Cost D Fixed Cost * Variable Cost
- 6 Non-excludability and Non-rivalry are the characteristics of the _____ goods.
 A Inferior B Merit
 C Private D Public
- 7 _____ means the quantities that a seller is willing and able to sell at different price.
 A Long Run Cost B Short Run Cost
 C Law of Supply D Marginal Cost
- 8 _____ is curve measuring the income effect.
 A ICC B DCC
 C DSE D DSS
- 9 The _____ is the sum of substitution and income effects.
 A Price effect B Income effect
 C Substitution effect D Normal effect
- 10 Marshall views _____ as an exception to the law of demand.
 A Giffen paradox B Income paradox
 C Expense paradox D Teen paradox

Part – B (Do as Directed)

(10)

State the following statements are TRUE or FALSE

- 1 Micro economics is the science, which studies human behavior as a relation- ship between ends and scarce means which have alternative uses.
- 2 According to Prof. Seligman Economic Laws are essentially hypothetical.
- 3 Market prices and factor-quantities determine the cost of production for the business firms.
- 4 The motivating force for private enterprises is Profit.
- 5 Economic cost concept is wider than accounting cost concept.
- 6 Social cost mostly born by private owners.
- 7 Average cost (AC) is of statistical ratio it is not actual cost.
- 8 Elasticity of demand means the degree of responsiveness of demand to given change in price.
- 9 Indifference curve is Concave to the origin.
- 10 The Marshallian demand curve does not reveal the size of a consumer's given income.
