

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

Course	: BBAR/DBAR	Date	: 20-07-2026
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. How Market Mechanism Solves the Basic Problems of an economy.
2. Discuss the Methods of Demand Forecasting.
3. Describe the Indifference Curve Technique in detail.
4. Discuss the term 'monopoly'.
5. Describe the Theory of Distribution.

Section B

Answer the following (Attempt any four) (20)

1. Explain the Nature of Economics.
2. Explain the Importance of elasticity of demand.
3. Discuss the Excess Capacity in Monopolistic competition.
4. Explain the Subsistence Theory.
5. Explain the term interest.
6. Describe the Market Failure and externality.

Section C

Part – A (Multiple Choice Questions) (10)

- 1 The problem lies in making the best use of our resources.
A Economic B Indian
C Money D Foreign
- 2 A..... works on the principles of free enterprise system or a laissez- faire system
A Mixed Economy B Capitalist Economy
C Socialist Economy D None of these
- 3 Normative Economic is a _____ in nature.
A Descriptive. B Preceptive.
C Value judgement. D B and C both.
- 4 What a consumer can actually buy depends on the..... And the prices of goods he wants to buy.
A income at his disposal B demand of that good
C willingness to buy D None of these
- 5 Is a market situation in which there are only two producers or sellers of a product?
A Duopoly B Monopoly
C Oligopoly. D Bilateral Monopoly

- 6 It was believed that wages, in the long run, would tend to equal just enough of food, clothing and shelter to maintain existence.
 - A Subsistence Theory of Wages
 - B Wages fund theory
 - C Residual claimant theory
 - D None of these
- 7 Any form of innovation leads to.....
 - A Benefit
 - B Profit
 - C Income
 - D Loss
- 8 The market system is governed by what Adam Smith called.
 - A Invisible eyes
 - B Invisible hands
 - C Invisible mind
 - D Invisible parts
- 9 According to, Economic Laws are essentially hypothetical
 - A Dr. Alfred marshal
 - B Prof. Seligman
 - C Adam smith
 - D Prof.shalendra
- 10 The consumer tends to buy less of, after a point, even if their prices fall.
 - A Giffen goods
 - B Complementary goods
 - C Substitute goods
 - D None of these

Part – B (True or False)

(10)

- 1 Money Cost of production is the actual money cost made by company in the manufacture process.
- 2 Imperfect competition produces less output than the socially desirable output.
- 3 Production cost does not include the cost of transportation cost.
- 4 More production share is given to efficient firm and less to inefficient firm in the joint maximization cartel.
- 5 Everybody will follow you when you increase the price and nobody will follow you when you will decrease the price.
- 6 The Rent Theory of Profit was propounded by an American economist F.A.Walker.
- 7 Externality is the result of somebody else action.
- 8 If consumer's marginal utility is more compare to the price it cannot be called consumer surplus.
- 9 Due to the dynamic nature of marketing phenomenon, demand forecasting has become a continuous process.
- 10 Exists when there are large number of buyers and sellers; the commodity is homogeneous or uniform in quality.
