Dr. Babasaheb Ambedkar Open University
Term End Examination December – 2019

Course	**:**	**BBA**	**Date**	**:**	**23-Dec-2019**
Subject Code	**:**	**BBA-301(NEW)**	**Time**	**:**	**11:00am to 02:00pm**
Subject Name	**:**	**Business Economics**	**Duration**	**:**	**03 Hours**
			Max. Marks	**:**	**70**

Section A

Answer the following (Attempt any three) **(30)**

1. Explain micro economics. Also explain its advantages and disadvantages.
2. Explain factors of production with its characteristics.
3. Write a detailed note on functions of money.
4. Explain various demand determinants.
5. Explain indifference curve along with its properties.

Section B

Answer the following (Attempt any four) **(20)**

1. Explain the characteristics of economic laws.
2. Explain various types of demand elasticity.
3. Explain various causes behind change in supply.
4. Explain any five bases of market classification.
5. Explain any five characteristics of perfect competition.
6. Explain features of monopolistic competition.

Section C

Part – A (Multiple Choice Questions) **(10)**

1 Wealth definition is given by _____.

A Adam Smith B Marshall
C Robins D Samuelson

2 Scarcity definition is given by _____.

A Adam Smith B Marshall
C Robins D Samuelson

3 _____ prices and factor- quantities determine the cost of production for the business firms.

A Production B Factor
C Market D None of these

4 The market system is governed by what Adam Smith called.

A Invisible mind B Invisible hands
C Invisible eyes D All of these

5 The motivating force for private enterprises is _____.

A Profit B Social Service

C Society D All of these

6 A ____ works on the principles of free enterprise system or a laissez-faire system.

A Socialist Economy B Capitalist Economy

C Mixed Economy D None of these

7 In economics, the term '_____ is used to imply 'the edge of productivity in a production system'.

A Variable B Average

C Marginal D All of these

8 _____ costs are incurred on the fixed assets like plant, building, machinery etc.

A Long Run B Short Run

C Both A and B D None of these

9 What a consumer can actually buy depends on the _____ and the prices of goods he wants to buy.

A Demand of that good B Income at his disposal

C Willingness to buy D All of these

10 The _____ is the sum of substitution and income effects.

A Income effect B Price effect

C Substitution effect D None of these

Part – B (Do as Directed) **(10)**

State Weather the Following Statement are True or False

1 The price effect is the algebraic sum of the substitution effect and the income effect.

2 Income effect tends to be negative in the case of inferior goods.

3 Substitution effect is always positive whether the good is superior or inferior.

4 The consumer tends to buy less of Giffen goods, after a point, even if their prices fall.

5 To become a Giffen good, it should be an inferior good, but this is a necessary but not a sufficient condition.

6 The demand curve assumes increasing marginal utility of money. The price-consumption curve is free from any such assumption.

7 The income demand curve does not reveal the size of a consumer's given income.

8 Short term sales forecast helps the management to take some policy decisions.

9 Statistical forecasts are more reliable for smaller levels of aggregations.

10 Macro-level forecasting follows micro-level demand forecasting.