

# The Assam Royal Global University, Guwahati

Royal School of Business

Bachelor of Business Administration, 1<sup>st</sup> Semester

Semester End Examination, February 2022

Business Economics

BSA032G102

Time: 3 Hours

Maximum Marks: 70

**Note: Attempt all questions as per instructions given.**

*The figures in the right-hand margin indicate marks.*

## Section – A

1. Attempt **all** questions. (Maximum word limit 50) 2 x 8
- Define opportunity cost.
  - 'For whom to produce?' How is it decided?
  - Define cross elasticity of demand.
  - What is 'Giffen Paradox'. Explain.
  - Explain 'economies of scale' with suitable examples.
  - What is law of variable proportion.
  - Explain the concept of price discrimination.
  - Write down the essential conditions of a perfect competition market.

## Section – B

2. Attempt **any one** of the following: 12 x 1
- "We cannot define economics in general acceptable terms. The definition will follow the objective of defining it." Elaborate.
  - Discuss the nature and scope of Managerial Economics.
3. Attempt **any two** of the following: 7 x 2
- Discuss the law of demand and supply. Also derive the demand curve using the concept of indifference curve and budget line.
  - Elucidate the reasons for income and substitution effect for change in price of one good. How do we find the proportion of each effect when price of one commodity has increased?
  - Discuss in detail about the factors affecting the elasticity of demand. Also find the price elasticity of demand and supply at point B.

|   | Price (Rs.) | Demand | Supply |
|---|-------------|--------|--------|
| A | 10          | 100    | 60     |
| B | 15          | 90     | 70     |
| C | 20          | 80     | 80     |
| D | 25          | 70     | 90     |

4. Attempt **any two** of the following:

7 x 2

- a. Differentiate between the average productivity and marginal productivity of factors of production. Also discuss about the importance of two for a producer.
- b. "Long Run Average Cost curve (LAC) is also called envelope curve." Discuss.
- c. Describe the economic region of production considering the three stages of production. In which stage the producer would like to produce and why?

5. Attempt **any two** of the following:

7 x 2

- a. How prices and output is determined in long run in a perfectly competitive market.
- b. Explain price leadership model.
- c. Discuss various pricing policies in detail.