

February 2012
Bachelor of Business Administration (BBA) Examination
I Semester

Economics - I

Time 3 Hours]

[Max. Marks 80

Note : Answer any five questions. <http://www.davvonline.com>

- Q.1.** Distinguish between :
- (a) Deductive and inductive methods of economic analysis.
 - (b) Micro-economics and Macro-economics.
- Q.2.** Given the demand and supply equations as $Q^D = 1,50,000 - 3P$ and $Q^S = 7P$, respectively, sketch the curves and hence or otherwise, calculate :
- (a) Consumer's Surplus (CS).
 - (b) Producers' Surplus (PS).
 - (c) Dead weight loss when unit tax of Rs. 5,000 per unit is levied.
- Q.3.** "Slope of demand curve is a rough measure of the price elasticity of demand." Examine the statement.
- Q.4.** Distinguish between the returns to scale and the returns to variable proportions.
- Q.5.** A firm has the following total cost and demand functions :
- $$C = \frac{1}{3} Q^3 - 7Q^2 + 111Q + 50, \text{ and } Q = 100 - P$$
- Find profit maximising level of output; also find profit at this level of output.
- Q.6.** Assume that the market demand is: <http://www.davvonline.com>
 $P = 100 - 0.4Q_3$ where $Q = Q_1 + Q_2$
and the two colluding firms have costs given by $C_1 = 5Q_1$ $C_2 = 0.1 Q_2^2$
How would the central agency allocate outputs to due two (oligopolists) so as to maximize the joint profit ?
- Q.7.** Distinguish between equilibrium and disequilibrium of Balance of Payments (BOPs). Discuss the various remedial measures in brief to correct disequilibrium of BOPs.

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