

**BACHELOR OF BUSINESS ADMINISTRATION  
(RETAIL SERVICES)  
(BBARS)**

**Term-End Examination**

**June, 2013**

**BRS-003 : BUSINESS ECONOMICS**

*Time : 3 hours*

*Maximum Marks : 100*

*Note : Attempt any five questions maintaining choice indicated.  
All questions carry equal marks.*

1. (a) Bring out the important features of a mixed economy.  
(b) Highlight the important decisions regarding production and distribution of goods that have to be taken in an economy.
2. Explain the law of variable proportions. Which is the viable stage for a firm to operate ?
3. Explain the condition under which a perfectly competitive firm attains equilibrium in the short run. When does a firm need to exit the industry ?

4. Explain the concept of returns to scale. What will be the shape of average cost curve when there is increasing returns to scale ? Bring out the relationship between average cost and marginal cost in the above case.
  5. Bring out the relationship between marginal revenue, price and elasticity of demand. Draw appropriate diagram.
  6. What are the methods available to a firm for demand forecasting ? Explain one of the methods in detail.
  7. What is meant by monopolistic competition ? Can a monopolistically competitive firm be in equilibrium while incurring losses ?
  8. Explain **any two** of the following with suitable examples :
    - (a) Sales maximisation as an objective of the firm
    - (b) Price discrimination by a monopoly firm
    - (c) Production possibility curve
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