

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

Term-End Examination

December, 2011

BRS-003 : BUSINESS ECONOMICS

Time : 3 hours

Maximum Marks : 100

Note : Attempt any five questions. All questions carry equal marks.

1. What is meant by perfect competition ? When does a firm attain equilibrium under perfect competition ? **20**
2. If there is monopoly element in a market, there is under-utilisation of capacity. Explain the above statement with appropriate diagrams. **20**
3. "The basic objective of a firm is profit maximisation". Explain through diagram how profit maximisation takes place. Can there be other objectives of a firm, apart from profit maximisation? **20**
4. If the demand for a commodity is inelastic, then increase in price of the commodity may result in a decline in total revenue. Explain. **20**

5. Explain the following concepts : 10+10
(a) Returns to scale
(b) Law of variable proportion
6. Distinguish between the followings : 10+10
(a) Giffen good and inferior good
(b) Monopoly and Monopolistic competition
7. What are the important methods available for forecasting demand. Explain one of the methods. 20
8. What is meant by a break-even point in the case of perfect competition ? Draw appropriate diagrams to explain. In what respects is it different from equilibrium condition ? 20
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