

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

**Term-End Examination**

**December, 2010**

**BRS-003 : BUSINESS ECONOMICS**

*Time : 3 hours*

*Maximum Marks : 100*

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

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1. 'Economics helps in designing policies that improve people's lives.' Elaborate upon the importance of economics as a policy science in light of the above statement. **20**
  
2. In the recent economic crisis which engulfed the world, the Indian economy, which follows a mixed economic system, has been more conducive to the business environment than either of the capitalistic or socialistic systems. What aspects of the Indian economic system have, in your opinion, helped Indian businesses to sustain global recessionary pressures ? **20**

3. Why is a business in monopoly considered allocatively inefficient when compared with a business operating in conditions of perfect competition ? 20
  4. What is the effect on the prices of other brands in a monopolistically competitive industry, when a representative firm increases the price of its brand ? 20
  5. On the basis of elasticity of demand, differentiate between :
    - (a) Superior and Inferior Goods 10
    - (b) Complements and Substitutes 10
  6. (a) Distinguish between direct demand and derived demand, giving examples of each. 10
    - (b) How does industry demand differ from firm demand ? 10
  7. What is Trend ? How is it useful in the estimation of demand ? 20
  8. (a) Give examples of goods that exhibit negative price elasticity, and explain why this negativity in elasticity arises. 10
    - (b) What do you understand by Giffen goods ? 10
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