

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

Term-End Examination

June, 2011

BRS-003 : BUSINESS ECONOMICS

Time : 3 hours

Maximum Marks : 100

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

1. 'The utility of economic theory is that it helps to draw relationships between seemingly unrelated problems.' How is this property of economic theory used in business decision making? 20

2. It is widely believed that the capitalistic form of economy is more conducive to the business environment. What factors underline this belief? 20

3. A monopolist may earn supernormal or normal profit, or even incur losses in the short run. Can a monopolist earning supernormal profit in the short run increase the level of profit in the long run? How? 20

4. (a) What do you mean by differentiated products ? What may be the bases of differentiation ? Cite examples. 10
- (b) 'Product differentiation may only be in the eyes of the beholder.' Comment. 10
5. Market demand is influenced by price, the price of substitutes and complements, product quality, advertising, income and related factors. Explain why companies often find price changes to be the most important determinant of short-term changes in sales. 20
6. (a) What key ingredients are necessary for the creation of economic supply ? 10
- (b) Distinguish between a supply function and a supply curve. What is the difference between the quantity supplied and a shift in the supply curve ? 10
7. Explain in detail any one technique of demand forecasting. What do you understand by lead and lag indicators ? 20
8. Explain any two of : 10x2=20
- (a) Income elasticity of demand
- (b) Price elasticity in the stock market
- (c) Derived demand
- You are advised to supplement your responses with suitable examples, diagrams, facts and figures wherever applicable.
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