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BACHELOR OF BUSINESS ADMINISTRATION (B.B.A.)
EXAMINATION: DECEMBER - 2023
SEMESTER - IV

Sub.: Business Economics - II(BBA15-414)

Date : 20/12/2023

Total Marks : 60

Time: 2.00pm to 4.30pm

- Instructions:** 1) All questions are compulsory.
2) Figures to the right indicate full marks.

Q. 1. Choose the most appropriate option. (05)

1. Marginal revenue is calculated as
 - a) Change in total revenue divided by change in quantity
 - b) Total revenue divided by change in quantity
 - c) Average revenue multiplied by quantity.
 - d) Total cost divided by quantity
2. GDP measures the:
 - a) Total market value of goods produced within a country's borders.
 - b) Income earned by residents both domestically and abroad.
 - c) Only domestic production.
 - d) Government expenditures
3. Fixed costs
 - a) Vary with the level of production
 - b) Include both variable and fixed components
 - c) Remain constant regardless of the level of production
 - d) Are incurred only in the long run
4. One of the primary functions of a central bank is:
 - a) Profit maximization
 - b) Currency printing.
 - c) Conducting monetary policy
 - d) Directly competing with commercial banks
5. In a perfectly competitive market, how do firms differentiate their products?
 - a) By offering unique features.
 - b) Through aggressive advertising
 - c) By setting higher prices
 - d) Products are homogeneous

Q. 2. State True / False (05)

1. The kinked demand curve model explains the concept of price leadership in oligopoly.
 - a) True
 - b) False
2. Product differentiation is a common feature in perfect competition
 - a) True
 - b) False
3. Total revenue is maximized when marginal revenue equals zero.
 - a) True
 - b) False
4. Opportunity cost is a type of explicit cost
 - a) True
 - b) False
5. Commercial banks can create credit by lending out a fraction of their deposits
 - a) True
 - b) False

Q. 3. Write Short notes on (Any Three) (15)

1. Market and Types of Market
2. Functions of Money
3. Average Cost and its Long run Explanation

4. Credit Creation in commercial banking
5. Monetary Policy

Q. 4. Answer in detail (Any Two) (20)

1. Profit Maximization under Monopoly and Monopolistic market
2. Explain the role of RBI in Indian economy
3. Discuss the National Income Accounting

Q. 5. Case study (15)

The central bank of a country is contemplating adjusting interest rates. Explain the potential impacts of this decision on inflation, unemployment, and economic growth.
