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BBA-103(N)

8. Explain the following with suitable diagram. 3, 3, 4

- (a) "Quasi-rent is a short run phenomenon."
- (b) Rent is a payment over and above opportunity cost.
- (c) Interest rate determination through loanable funds theory.

9. (a) Discuss how 'Profit' is different from other factor payments and also mention its various functions. 4

- (b) Explain the liquidity preference theory of Interest rate determination. 6

Roll No. ....

BBA-103(N)

B. B. A. (First Semester)

EXAMINATION, Dec., 2014

(New Course)

Paper Third

PRINCIPLES OF ECONOMICS

Time : Three Hours ]

[ Maximum Marks : 70

Note : Attempt five questions in all. Question No. 1 is compulsory. Attempt two questions each from Sections 'B' and 'C'.

1. Briefly answer the following : 3 each

- (a) Why  $AR = MR$  under perfect competition ?
- (b) Which cost curve is termed as rectangular hyperbola and why ?
- (c) "The law of diminishing marginal utility assumes that the taste and choice of the consumer for the commodity does not change." Comment.
- (d) Economics is a Science or an Art ? Explain with examples.

3000

BBA-103(N)

T-112

T-112

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