

Student's copy

Total number of printed pages— 5

47 (1) BECO 1-2

2009

BUSINESS ECONOMICS

Paper : 1-2

Full Marks : 80

Time : Three hours

The figures in the margin indicate full marks for the questions.

1. (a) Answer the following : 1×5=5
- (i) What is the root cause of economic problems ?
 - (ii) What is decision making ?
 - (iii) Define profit.
 - (iv) What is shut-down point ?
 - (v) What is demand forecasting ?

3.

Contd.

(b) Choose the correct answer : $1 \times 5 = 5$

- (i) All of the following are the determinants of demand except —
- (a) taste and preferences
 - (b) quantity supplied
 - (c) income
 - (d) prices of related goods.
- (ii) A firm's average fixed cost is Rs. 20 at 6 units of output. At 4 units of output it will be —
- (a) Rs. 60
 - (b) Rs. 24
 - (c) Rs. 30
 - (d) Rs. 20
- (iii) The positively sloped part of the long run average cost curve is due to which of the following —
- (a) Diseconomies of scale
 - (b) Diminishing return
 - (c) The increase in productivity that results from specialisation.
 - (d) The firm being able to take advantage of large scale production.

(iv) In the case of substitute goods the cross elasticity of demand is —

- (a) positive
 - (b) negative
 - (c) zero
 - (d) infinite
- (v) What is not the characteristic of Isoquants —
- (a) slopes downwards
 - (b) convex to the origin
 - (c) touches both X and Y axis
 - (d) two isoquants never intersect each other.

3. Answer in brief : $2 \times 5 = 10$

- (i) Mention *two* features of business economics.
- (ii) What is production function ?
- (iii) What is equilibrium level of output ?
- (iv) Point out *two* determinants of elasticity of demand.

(v) What are the different phases of trade-cycle ?

3. Answer *any five* questions from the following :
4×5=20

(i) Discuss briefly the responsibilities of business economist.

(ii) What is least-cost combination ? Explain briefly.

(iii) What are the possibilities and profitability of discriminating monopoly ?

(iv) Explain the scope of business economics.

(v) Discuss the different methods of demand forecasting.

(vi) Explain the concept of opportunity cost.

(vii) Discuss the basic features of monopoly.

4. Business Economics is the integration of economic theories with business practices. Explain. 8

Or

What is Business Economics ? How does it differ from traditional economics ? 3+5=8

What are the different types of elasticity of demand ? State the importance of the study of elasticity of demand in Business Economics.

4+4=8

6. Discuss the Laws of Returns to scale. 8

Or

Discuss the long-run cost output relation. 8

7. What are the characteristics of Monopolistic competition ? Discuss the price and output determination process under monopolistic competition. 3+5=8

8. What are the features of Profit ? Distinguish economic profit and accounting profit. 4+4=8

Or

Discuss the different profit policies to be followed by the public enterprises. 8