47 (1) BECO 1·2

2010

BUSINESS ECONOMICS

Paper : 1·2

Full Marks : 80

Time : Three hours

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

1. Choose the correct answer : 1×10=10

   (a) The "other thing remaining constant" of
   the law of demand assumes that

   (i) Income of the consumer remains
   constant

   (ii) Tastes and preferences

   (iii) Prices of substitutes and compliments

   (iv) All of the above.

(b) Firms under project-competition in the long-run can earn only

    (i) normal project.

    (ii) super-normal project.

    (iii) losses.

    (iv) All of the above.

(c) Suppose output increases in the short-run. Total cost will increase due to an increase in

    (i) Fixed cost (FC) only.

    (ii) Variable Cost (VC) only.

    (iii) Both VC and FC.

    (iv) All of the above.

(d) In case of a straight line demand curve meeting the two axis, the price-elasticity at the mid-point would be —

    (i) 0

    (ii) 1

    (iii) 1·5

    (iv) 2

(e) Oligopoly is a type of market characterized by _____ member of sellers.

    (i) large

    (ii) few

    (iii) too many

    (iv) none of the above.

(f) When the demand for tea changes due to a change in the price of coffee, it is a case of

    (i) cross-elasticity.

    (ii) income-elasticity.

    (iii) price-elasticity.

    (iv) unit-elasticity.

(g) The Boom phase of a business cycle is marked by

    (i) over full employment.

    (ii) under-employment.

    (iii) full-employment.

    (iv) All of the above.

(h) In the short-run, when the output of the firm increases, its Average Fixed Cost (AFC)

   (i) increases

   (ii) decreases

   (iiii) remains constant

   (iv) First declines and then rises.

(i) Which the following is not an example of internal economies of scale ?

   (i) Managerial economies.

   (ii) Technical economies.

   (iii) Economy of purchasing inputs at a discount.

   (iv) Development of banking infrastructure.

(j) Business Economics is a subject concerned with the decision making problem of —

   (i) the product to be produced

   (ii) how to produce

   (iii) the price to the fixed

   (iv) All of the above.

2. Answer in brief :   2×5=10

   (a) What is a production function ?

   (b) Who is a discriminating-monopolist ?

   (c) Give *two* examples of economic costs.

   (d) What do you mean by pioneer-pricing ?

   (e) Why is the Average Revenue (AR) equal to Marginal Revenue (MR) under perfect competition ?

3. Write short notes on *any four* of the following :   5×4=20

   (a) Product differentiation under monopolistic competition.

   (b) Economic region.

   (c) Shift in the demand curve.

   (d) Internal and External dis-economies of scale.

   (e) Fixed cost and Variable costs.

   (f) Oligopoly market.

4. Answer *any five* of the following : 8×5=40

(a) What are iso-quants ? What are the properties of iso-quants ?

(b) What are the conditions of perfect-competition ? Show with the help of a diagram the equilibrium of a firm under perfect competition in the long-run.

(c) Explain the law of variable proportions with the help of a diagram.

(d) What do you mean by Demand Forecasting ? Explain briefly the various methods of demand forecasting.

(e) What is a trade cycle ? Explain how monetary and fiscal policy can help to control trade cycles.

(f) What is Business Economics ? Discuss its nature and scope.

(g) Briefly explain the role and responsibilities of a business economist.

(h) What do you mean by profit ? Discuss the dynamic theory of profit.

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