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47 (1) BECO 1.2

2011

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) Which of the following is not included in Business Economics —

   (i) elementary supply and demand

   (ii) costs of production

   (iii) profit planning and control

   (iv) factors influencing national product.

   (b) Price elasticity of demand in case of essential good is :

   (i) high

Contd.

(ii) low

(iii) zero

(iv) infinite

(c) Opportunity cost is a term which describes

(i) a bargain price for a factor of production.

(ii) costs related to an optimum level of production.

(iii) variable costs.

(iv) cost of one product in terms of production of others forgone.

(d) One of the essential conditions of perfect competition is :

(i) Product differentiation

(ii) multiplicity of prices for identical product at any one time

(iii) many sellers and few buyers.

(iv) only one price for identical goods at any one time.

(e) Total cost is :

(i) equal to marginal cost times the quantity of output

(ii) the overall cost associated with a given level of output.

(iii) determined by adding marginal cost and average cost

(iv) none of these.

(f) The optimum size of a firm can exist :

(i) only under monopoly

(ii) only under perfect competition

(iii) only under imperfect competition

(iv) under all types of market structures.

(g) At the time of boom, the govt. should adopt a policy of

(i) deficit budgeting

(ii) surplus budgeting

(iii) balanced budgeting

(iv) none of the above.

Contd.

(h) Equilibrium of a firm occurs when

(i) P = MC

(ii) MC = MR

(iii) P = MR

(iv) AC = MC

(i) Which is not the characteristic of Iso-quants ?

(i) slopes downwards

(ii) convex to the origin

(iii) touches both X and Y axis

(iv) two iso-quants never intersect each other.

(j) External economies of scale arise when

(i) Expansion of output of one firm improves the efficiency of others.

(ii) a large firm acquires monopoly advantages.

(iii) the staff of the firm makes a discovery which is patentable.

(iv) Prices are reduced for bulk buying of raw materials.

2. Answer in brief : 2×5=10

(a) What are the *two* types of managerial problems ?

(b) What is demand forecasting ?

(c) What is cost-plus pricing ?

(d) Mention *two* determinants of elasticity of demand.

(e) What are the phases of business cycle ?

3. Write short answer of the following : ***(any four)*** 5×4=20

(a) Explain the responsibilities of business economists.

(b) Write a note on Dumping.

(c) Distinguish between explicit costs and implicit costs.

(d) Discuss the concept of cross elasticity of demand.

(e) Explain the law of diminishing marginal rate of technical substitution.

(f) Distinguish between economic profit and accounting profit.

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

(*a*) What is business economics ? How does it differ form traditional economics ? Discuss. 3+5=8

(*b*) What is price elasticity of demand ? Explain the different methods of measurement of price elasticity of demand. 3+5=8

(*c*) Define Total cost, Total variable cost and Total fixed cost. Bring out the relationship between AVC, ATUC and MC. 3+5=8

(*d*) What is production function ? What are the laws that govern returns to scale ? 3+5=8

(*e*) How does monopolist fix the price of his product ? Explain. 8

(*f*) Discuss the different profit policies to be followed by the enterprises. 8

(*g*) Examine the view that trade cycle is purely a monetary phenomenon. 8