

*Total number of printed pages—6*

**47(1) BECO 1-2**

**2013**

**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.  $1 \times 10 = 10$

(a) Centrally Planned economy is one in which, solution to economic problem is done by —

(i) Price mechanism

(ii) Planning mechanism

(iii) Trade mechanism

(iv) Competition

*Contd.*

- (b) Which of the following is not a factor affecting individual demand.
- (i) Price of the commodity
  - (ii) Cost of production of the commodity
  - (iii) Income of the consumer
  - (iv) Tastes and preferences.
- (c) Micro economics deals with
- (i) Demand of a commodity
  - (ii) Income of a consumer
  - (iii) Supply of a commodity
  - (iv) All of the above.
- (d) At zero level of consumption total utility is
- (i) one
  - (ii) two
  - (iii) zero
  - (iv) none of the above

- (e) A right ward shift demand curve indicates—
- (i) decrease in demand of the commodity
  - (ii) increase in demand of the commodity
  - (iii) constant in demand of the commodity
  - (iv) all of the above.
- (f) If  $P_{ed} = 1$ , what will be the nature of its demand curve ?
- (i) upward sloping
  - (ii) downward sloping
  - (iii) straight line parallel to X-axis
  - (iv) straight line parallel to Y-axis.
- (g) When TPP is maximum then MPP is
- (i) positive
  - (ii) negative
  - (iii) zero
  - (iv) none of the above.

(h) What is the shape of AR curve when TR curve is a positively sloped straight line passing through the origin ?

(i) AR curve will slope downwards

(ii) AR curve will slope upwards

(iii) AR curve will be parallel to the X-axis

(iv) all of the above.

(i) At the break-even point

(i)  $TR = TC$

(ii)  $AR = MC$

(iii)  $MC = MR$

(iv)  $MC = AC$

(j) Under which market form a firm is a Price-taker ?

(i) monopoly

(ii) perfect competition

(iii) oligopoly

(iv) monopolistic competition.

Answer in brief

2×5=10

(a) What is Business Economics ?

(b) Mention two basic problems of an economy.

(c) What is Penetration Price ?

(d) Mention two determinants of elasticity of demand.

(e) What is excess capacity of a firm ?

3. Write short answer of the following : (any four)

5×4=20

(a) Explain the scope of Business Economics.

(b) Discuss the characteristics of monopolistic competition.

(c) Explain the concept of cross elasticity of demand.

(d) Explain the dynamic theory of profit.

(e) Write a note on linear homogeneous production function.

(f) Explain the managerial uses of cost function.

4. Answer *any five* of the following :  $8 \times 5 = 40$

(a) Explain the role and responsibilities of Business Economists.  $4 + 4 = 8$

(b) What is demand function ? Explain the law of demand with the help of schedule and graph.  $2 + 6 = 8$

(c) Discuss the laws of Returns to Scale. Do the laws help in taking business decision.  $4 + 4 = 8$

(d) How does monopolist fix the price and output in the market ? – Explain. 8

(e) Define average total unit cost (ATUC), average variable cost (AVC) and average fixed cost (AFC). Discuss the relationship among AFC, AVC and ATUC.  $3 + 5 = 8$

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

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