

Total number of printed pages-7

47 (1) BECO 1-2

2014

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) Scientific approach to the analysis of economic events, commonly referred as :
- (i) Positive economics
 - (ii) Normative economics
 - (iii) Micro economics
 - (iv) None of the above.

Contd.

- (b) Components of micro economics are
- (i) Product pricing
 - (ii) Factor pricing
 - (iii) Welfare theory
 - (iv) All of the above
- (c) The slope of an average fixed cost curve is
- (i) Upward sloping
 - (ii) Downward sloping
 - (iii) Straight line parallel to X -axis
 - (iv) Straight line parallel to Y -axis.
- (d) In short run, price is more influenced by
- (i) Demand
 - (ii) Supply
 - (iii) Both demand and supply
 - (iv) None of the above

- (e) Cross elasticity of demand between two substitutes will be
- (a) Low
 - (b) High
 - (c) Zero
 - (d) None of the above
- (f) Law of diminishing return to scale is relevant to
- (i) Market period
 - (ii) Long run period
 - (iii) Short run period
 - (iv) All of the above
- (g) According to the profit maximisation theory of the firm, management decides :
- (i) Output level which maximises revenue
 - (ii) Output level which minimises cost
 - (iii) Output level which maximises the difference between the revenue and cost
 - (iv) None of the above

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

- (i) Deficit budgeting
- (ii) Surplus budgeting
- (iii) Balance budgeting
- (iv) None of the above

(i) What type of relationship is found between the price of a commodity and its demand ?

- (i) Positive
- (ii) Negative
- (iii) Direct
- (iv) None of the above

(j) At any given amount of output, total cost is

- (i) Determined by adding marginal cost and average cost
- (ii) Equal to marginal cost times the quantity of output
- (iii) The overall cost associated with a given level of output
- (iv) None of the above

Answer in brief : 2×5=10

- (a) What are the two types of managerial problems ?
- (b) What is demand forecasting ?
- (c) Mention two responsibilities of Business Economist.
- (d) What is cost-plus pricing ?
- (e) Mention two determinants of demand.

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

- (a) Explain the concept of opportunity cost.
- (b) Distinguish between accounting cost and economic cost.
- (c) Write a note on the concept of scarcity.
- (d) Discuss the properties of Isoquants.

(e) Explain the concept of excess capacity of firm.

(f) Write a note on Dumping.

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

(a) What are the characteristics of Business Economics ? Discuss the scope of Business Economics. $4+4=8$

(b) What is elasticity of demand ? Discuss the different types of elasticity of demand. $2+6=8$

(c) What is least cost combination of inputs ? Explain how least cost combination of input is attained. $4+4=8$

(d) What is oligopoly ? Determine price and output under oligopoly with the help of kinked Demand Curve model. $2+6=8$

Or

Discuss the role of Demand and Supply on price and output determination process under perfect competition. 8

(e) Discuss the modern theory of profit. 8

(f) Define trade cycle. Discuss the various characteristics of trade cycle. $2+6=8$