Name : ....

Roll No. : ....

Invigilator's Signature : ....

CS / BBA(H), BIRM, BSCM / SEM-3 / BBA-304 / 2010-11

2010-11

BUSINESS ECONOMICS

Time Allotted : 3 Hours   *Full Marks* : 70

The figures in the margin indicate full marks.

Candidates are required to give their answers in their own words

as far as practicable.

GROUP – A
(Multiple Choice Type Questions)

1. Choose the correct alternatives for any *ten* of the following :

$10 \times 1 = 10$

i)   The scope of Business Economics relates to

a)   Demand analysis & forecasting

b)   Wages & salary calculation

c)   Marketing mix decisions

d)   Social costs & benefits.

ii) Decisions which are generally taken by the top management are

a)   Routine Decisions   b)   Personal Decisions

c)   Policy Decisions   d)   Operating Decisions.

3163   [Turn over]

iii) Gross Profit refers to

    a)   Total Revenue – Explicit Cost

    b)   Total Revenue – Implicit Cost

    c)   Total Revenue – Total Cost

    d)   None of these.

iv) The amount of reserve arising from normal profit is called

    a)   Revenue Reserve   b)   Revenue fund

    c)   General Reserve   d)   Secret Reserve.

v) Study of revenue and cost of a firm in relation to its volume of sales is called

    a)   Break-even analysis   b)   Sales analysis

    c)   Profit analysis   d)   Economic analysis.

vi) The functional curve which depicts the relation between income and interest is called

    a)   IS curve   b)   LM curve

    c)   ISO curve   d)   Parabolic Curve.

vii) The lower turning point at which the economy undergoes charges from depression to prosperity is called

    a)   Revitalisation   b)   Depressionary

    c)   Recovery   d)   Rehabilitation.

viii) The degree of monopoly power is

    a)   P – AC   b)   P – MC

    c)   TR – TC   d)   MR – MC.

ix) EOQ is the quantity which the lowest annual

    a) Insurance Costs

    b) Storage Costs

    c) Capital Costs

    d) Order & Carrying Costs.

x) WTO became effective in

    a) 1st January, 1971   b) 26th January, 1985

    c) 1st January, 1995   d) 1st January, 2000.

xi) Fixed Rate of Exchange is fixed by

    a) Government   b) IMF

    c) WTO   d) All of these.

xii) Dumping deals with discrimination of prices in

    a) Home markets

    b) Home & foreign markets

    c) Foreign markets

    d) Any market.

GROUP – B

(Short Answer Type Questions)

Answer any *three* of the following.   3 × 5 = 15

2. Differentiate between Monetary Policy and Fiscal Policy.

3. State the different components of money demand in the IS-LM model.

4. Define Break-even point. What is its significance in business ?

5. Define Profit. What are the various functions of Profit ?

6. Distinguish between Tariff and Quota.

GROUP – C

(Long Answer Type Questions)

Answer any *three* of the following.   3 × 15 = 45

7. The sales turnover and profit during two years are as follows :

Year	Sales (Rs.)	Profit (Rs.)
1991	1,50,000	20,000
1992	1,70,000	25,000

You are required to calculate

i)   P/V ratio

ii)   Break-even point

iii)   The sales required to earn a profit Rs. 40,000

iv)   The profit made when sales are Rs. 2,50,000

v)   Margin of safety at a profit of Rs. 50,000.   15

8. Determine the equilibrium rate of interest and income in an IS-LM framework. Explain how this equilibrium rate of interest and income changes when

a)   Government expenditure decrease

b)   Money supply increases.   7 + 8

9. Given a firm's demand function $p = 45 + 0 \cdot 5 \, Q$ and the average cost function $AC = Q^2 – 8Q + 57 + 2/Q$.

Find the level of output Q which

Maximizes profit.   15

10. a)   What is two person zero sum game ?

b)   State the limitations of game theory.

c)   What are prisoner's Dilemma ?   3 + 6 + 6

11. Write notes on any *two* of the following :   2 × 7½

a)   Business cycle

b)   Model Building

c)   Speculative demand for money

d)   Unemployment problem in India.

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