

CS/BBA (H)/BIRM/BSCM/SEM-1/BBA-104/2012-13

# 2012 <br> ECONOMICS - I 

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 income elasticity of demand for the normal goods is always
a) Positive
b) Negative
c) Zero
d) None of these.
ii) q being total output, the AP of input $x_{1}$ is
a) $\mathrm{dq} / \mathrm{dx}_{1}$
b) $q / x_{1}$
c) $\mathrm{q}-\mathrm{x}_{1}$
d) None of these.
iii) The $\mathrm{MRTS}_{\mathrm{L}, \mathrm{K}}$ is defined as
a) ratio of the two MPs of $L$ and $K$
b) ratio of the two APs of $L$ and $K$
c) ratio of the two TPs of $L$ and $K$
d) None of these.

iv) For an elastic demand curve price elasticity of demand is
a) greater than unity b) less than unity
c) equal to unity
d) None of these.
v) If the inputs of a firm are increased by $5 \%$, output increases by $10 \%$. the production function of the firm exhibits
a) CRS
b) DRS
c) IRS
d) None of these.
vi) When the price of substiture goods raises the demand for the other substitute also
a) Rises
b) Falls
c) Remain same
d) None of these.
vii) If there are two buyers in the market, the market is called
a) Duopoly
b) Duopsony
c) Oligopoly
d) None of these.
viii) When total product is maximum, Marginal product is :
a) Negative
b) Positive
c) Zero
d) Cannot be confirmed.
ix) In which market form there is no distinction between firm and an industry
a) Monopoly
b) Monopolistic competition
c) Perfect competition
d) Oligopoly.

xi) Long run cost curves are known as planning curves because
a) They are tangent to the minimum points of the short run cost curves showing least cost of production
b) They cover the short run cost curves
c) They show low costs of raw materials
d) All of these.
xii) Which of the following is the formula of price elasticity of demand :
a) $\Delta \mathrm{P} / \Delta \mathrm{Q} \cdot \mathrm{Q} / \mathrm{p}$
b) $\quad \mathrm{Q} / \mathrm{P} . \Delta \mathrm{P} / \mathrm{Q}$
c) $\Delta \mathrm{P} / \Delta \mathrm{Q} \cdot \mathrm{P} / \mathrm{Q}$
d) $\Delta \mathrm{Q} / \Delta \mathrm{P} . \mathrm{P} / \mathrm{Q}$

## GROUP - B

## ( Short Answer Type Questions )

Answer any three of the following. $3 \times 5=15$
2. Explain why an lso-Quant is downward sloping and convex to the origin ?
3. Discuss the modern theory of Long Run costs
4. Define monopolistic competition. Why is monopolistic competition so called ?
5. What is ridge lines ? State the Economic Region of production.
6. Why is short-run average cost curve U-shaped ?

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7. Prepare cost schedule indicating AFC, AVC, AC, MC from the following information

| OUTPUT | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| :--- | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| TOTAL <br> COST <br> (RS) | 100 | 120 | 130 | 135 | 200 | 300 | 500 | 1000 | 2000 |

8 a) Distinguish between Ricardian theory \& moden theory
b) Explain liquidity preference theory $8+7$
9. a) Explain marginal productivity theory wage.
b) What are the nature of gross profit? $9+6$
10. The damand function for a particular firms' novels $(\mathrm{Qx})$ is given by the following equation :-

$$
5+5+5
$$

$\mathrm{Qx}=12000-5000 \mathrm{Px}+51+500 \mathrm{Pc}$
$\mathrm{Px}=$ price charged for the movels
I = income per capita
Pc = price of books from other competing publishers
Assume also, $\quad P x=$ Rs. $5 ; I=$ Rs. $10000 ; P c=R s . ~ 6$
Find out the followings
i) Determine what effect of a price increase would have on total revenues ?
ii) Evaluate how sale of the novels would change during a period of rising income ?
iii) Assess the probable impact if competing publishers raise their prices.
11. In the context of an oligopolistic market, explain the concept of Kinked demand curve. Comment on the determination of equilibrium in this model.

$$
8+7
$$

