

00855 B.Sc. FASHION MERCHANDIZING AND
RETAIL MANAGEMENT (BSCFMRM)

Term-End Examination

December, 2012

BFW-041 : BUSINESS ECONOMICS

Time : 3 hours

Maximum Marks : 70

Note : Attempt **any seven** questions from the following.
All questions carry equal marks.

1. What is demand ? Why demand curve slopes downwards from left to right ? 10
2. Give the main features of perfect competition with the help of suitable example. 10
3. The demand for a product is given by the equation 10
 $Q = 20,000 - 300P$ the product is initially priced
 $p = ₹ 30$
 - (a) Compute the point price elasticity of demand at $p = ₹ 30$
 - (b) Compute the arc elasticity for a price of demand at $P = ₹ 20$ to $₹ 15$.

4. Explain the difference between Fixed cost, Variable cost, Marginal cost and Average cost with the help of suitable example. **10**
5. Write **short notes** on the following : **2x5=10**
- (a) Oligopoly competition
 - (b) Law of demand
6. Explain price and output determination under monopolistic competition in short run and long run. **10**
7. Profit maximisation is theoretically the most sound but practical unattainable objective of business firms. Do you agree with this statement ? Give reasons for your answer. **10**
8. Yesterday, the price of a toffee was ₹4 and Shreya was willing to buy 10 of it. Today, the price has gone up to ₹ 4.75, and Shreya is now willing to buy 8 toffees. Is Shreya's demand for toffees elastic or inelastic ? What is Shreya's elasticity of demand ? Is she sensitive or insensitive towards that toffee ? **10**
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