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BFW-041

B.Sc. FOOTWEAR TECHNOLOGY (BSCFWT)

Term-End Examination

December, 2017

00491

BFW-041 : BUSINESS ECONOMICS

Time : 3 hours | *Maximum Marks : 70*

Note : *All questions carry equal marks. Attempt any* ***five*** *questions.*

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1. (a) What is Demand ? Why does a demand curve slope downwards from left to right ?

(b) The total cost function of a steel industry is estimated to be TC = 182 + 56Q. Prepare a table showing total cost, average cost and marginal cost over the output range 0 to 4. *14*

2. (a) Explain the various methods of demand forecasting.

(b) "Profit maximization is theoretically the most sound but practically the most unattainable objective of business firms." Do you agree with this statement ? Give reasons for your answer. *14*

3. (a) Discuss the various factors which affect the demand of a product.

(b) What is Perfect Competition ? Explain how equilibrium price is determined under perfect competition. *14*

4. (a) Why is forecasting important in the management of business firms ? Explain with suitable illustrations.

(b) Differentiate between price elasticity of demand and income elasticity of demand. Why do public utility services have low price and income elasticity of demand ? *14*

5. (a) Distinguish between fixed cost, variable cost and opportunity cost.

(b) Explain price and output determination under monopolistic competition in the short and long run. *14*

6. Write short notes on the following : $4\times3\frac{1}{2}=14$

(a) Law of Diminishing Marginal Utility

(b) Cross Elasticity of Demand

(c) Monopoly

(d) Oligopoly

7. Choose the correct option from the given alternatives (answer any ***seven***) : *7×2=14*

(a) The quantity that a consumer is planning to buy depends on all of the following *except*

(i) Income of the consumer

(ii) Price of product

(iii) Future expectation of price

(iv) Technology

(b) In case the length of an arc on the demand curve is infinitesimal, then arc elasticity coincides with

   (i) Unit elasticity
   (ii) Point elasticity
   (iii) Zero elasticity
   (iv) Negative elasticity

(c) Elasticity of demand is determined by all of the following *except*

   (i) Nature of commodity
   (ii) Proximity of substitute
   (iii) Time
   (iv) Government policy

(d) When AC = MC, then AC is

   (i) Maximum
   (ii) Minimum
   (iii) Constant
   (iv) None of these

(e) Profit is maximum when

   (i) MR > MC
   (ii) MR < MC
   (iii) MR = MC
   (iv) None of these

(f) Which of the following statements is true, if Q = 0 ?

   (i) TC = TVC
   (ii) TC > TVC
   (iii) TC < TVC
   (iv) None of these

(g) The demand of a product depends on

  (i) Price

  (ii) Advertising

  (iii) Income

  (iv) All of the above

(h) A monopolist can earn abnormal profits in the short run and in the long run period.

  (i) True

  (ii) False

(i) For essential goods, the elasticity of demand is

  (i) Less than 1

  (ii) More than 1

  (iii) Equal to 1

  (iv) Equal to 0

(j) In perfect competition

  (i) AR > MR

  (ii) AR < MR

  (iii) AR = MR

  (iv) None of these