

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

**Term-End Examination**

**June, 2011**

**BFW-041 : BUSINESS ECONOMICS**

*Time : 3 hours*

*Maximum Marks : 70*

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*Note : Attempt any five questions.*

*Each questions carries equal marks.*

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1. (a) What are the determinants of market demand for a commodity ? How do they change in the following factors affecting the demand for a commodity ? **14**
- (i) Price
  - (ii) Income
  - (iii) Price of substitute
  - (iv) Advertising
  - (v) Population
- (b) What is Marginal Analysis ? How is it different from Incremental Analysis ?

2. (a) Explain the various method of statistical and non-statistical methods of a demand forecasting. 14
- (b) Distinguish between fixed and variable costs. Explain the shapes of the average fixed cost curves, average variable cost curve and marginal cost curve.
3. (a) Discuss the law of diminishing marginal utility with help of an example. 14
- (b) What is monopolistic competition ? Explain how equilibrium price is determined under monopolistic competition.
4. (a) Why forecasting important in the management of business firms ? 14
- (b) Differentiate between income elasticity of demand and cross elasticity of demand.
5. (a) Distinguish between fixed cost, variable cost, opportunity cost, total cost and average cost. 14
- (b) Explain price and output determination under monopoly in the short and long run.

6. Write short notes on the following : 14
- (a) Law of variable proportion.
  - (b) Advertising elasticity of demand.
  - (c) Economics of scale.
  - (d) Oligopoly competition.

7. New Dabur India Limited is on campus for placement. They need managers who are well vested in finding out of the total product, marginal product and average product of labour. They want you to fill out the missing values in the table given below : 14

Unit of labour	Total product	Marginal product	Average product
0	0		
1	14		
2			19
3		19	
4	77		
5		14	
6			16