**Orchid international college**

**Full Marks: 100**

**Time: 3 Hrs.**

### **SET A**

**Bijayachowk, Gaushala-9, Kathmandu**

**Pre Board Examination - 2081**

## **BIM / Fourth Semester/ECO 206: Economics for Business**

***Candidates are required to answer the question in their own words as far as practicable.***

**Group "A"**

**Brief Answer Question (Attempt all questions) [10×2=20]**

1. Why micro economics is called slicing method?.
2. Write any four determinants of supply.
3. Define Economic efficency.
4. Define price discrimination.
5. If cost = 1000, pL= RS 10, Pk= RS 20 Derive iso- cost line .
6. Define exchange rate?
7. What are the Difference between nominal GDP and Real GDP?
8. What are the features of oligopoly market?
9. point out the features of monopoly market?
10. Define business profit?

**Group** **'B'**

### **Short Answer Question (Attempt any SIX questions) [6×5=30]**

1. Explain the importance of micro economics in business decision making
2. Explain the relationship between price elasticity of demand and revenue.
3. Define ISO-Quant. explain its proporties.
4. Explain the phase of business cycle.
5. Explain the objective of monetary policy.
6. ABC cemen company has following demand and cost function.

P= 60- 2.5Q ( demand function) , C = 30+3.5Q2 ( cost function)

Calculate the price, output, TR and profit under the objective of profit maximization.

1. Given production function Q= 200 √L K, C=Rs 4000, W= Rs 200, r= Rs 160 P= Rs 8

compute MPL, MPk and equilibrium level of labour and capital that maximize output and profit.

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**Group “C”**

**LongAnswerQestions *(Attempt* AnyTHREEquestions*)*  [3×10 = 30]**

1. Define demand pull and cost push inflation. EXplain the factors that causes inflation .
2. a) Explain the concept of GDP, GNP, NNP , NI and percapita income.

b). consider the following data

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| years  2022  2023  2024 | px  20  40  60 | QX  1000  1500  2000 | Py  40  60  80 | QY  500  1000  1500 |

Calculate nominal GDP, Real GDP, GDP deflator and rate of inflation.

1. a) complete the following table at TFC=400

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| output | TFC | TVC | TC | AFC | AVC | AC | MC |
| 0  1  2  3  4  5  6  7  8 |  | 100  180  240  280  350  460  620  800 |  |  |  |  |  |

b) derive and shows the relationship between AFC, AVC , and AC curve.

c) Graph TVC and TC and explain their relation.

1. How is the Equilibrium price determined? What will be the effect on equilibrium price due to and increase in demand and supply simultaneously?

#### Group "D"

22***. Comprehensive answer/case/ situation Analysis Questions:* [20]**

The price of vegetables in Kathmandu valley has increased by over 100 percent in comparison to the last year due to the falling supply as production has been affected by the unexpected rainfall before and after Dashain festival .

The Kalimati fruits and vegetables market Development Board said price of potato ,onion, cauliflower, cabbage ,radish, brinjal , ginger, garlic, and others has been continuously rising since the last year.

The price of onion , for which have to depend on India, has increased the most in the past one year as its price escalated even in India .Its wholesale price has increased astronomically from Rs 27.40 a year ago to Rs 112 on Wednesday .Its price was Rs 102 last month and Rs 97 a week ago.

The wholesale price of ginger also rose 231 percent from Rs 43.80 a year ago to RS 145 .It was Rs 105 a month ago and had increased by Rs 50 to Rs 155 a week ago. The majority of internally produced ginger had been exported last week even as it was being sold at a higher price in the domestic market. The price of both ginger and onion has skyrocketed as we have not been able to produce them domestically. The price of other vegetables has risen due to the fall in production owing to the rainfall. The price of many vegetables fluctuates according to season.

The price of tomato, however, has fallen by 23 % from Rs 42 last year to Rs 32 on Wednesday. It was Rs 33 a month ago and had increased to Rs 45 a week ago.

**Consumers write to chief secretary for control of inflation**

The National Consumers Forum has written to chief secretary to control the unnatural price hike of vegetables in the market. President of the Forum revealed the letter has been sent stating that the businessmen have artificially raised the price of essential goods during the festival season and ahead of the upcoming Constituent Assembly (CA) election. He said the price has increased by 20 to 30 percent.

The forum has urged chief secretary to take solid steps immediately and to bring those involved in black- marketing to the book stating that there has been un natural hike in price of potato that the businessmen have artificially raised price capitalizing on the lack of monitoring during the festival season.

**Questions:**

1. What are the factors responsible for the rise in price of vegetables? Why do you think there has been fall in price of tomato?
2. What is the reason behind the rise in price of onion? Explain by using suitable diagram of demand and supply curve?
3. Is the demand for onion price elastic or price inelastic over the price range in the article? How do you know?
4. Do you think the elasticity of ginger (with respect to price) will be greater in the long run compared to the short run? Why?
5. Give your suggestion regarding price control of the vegetable.