**Orchid international college**

### **SET B**

**Bijayachowk, Gaushala-9, Kathmandu**

**Full Marks: 100**

**Time: 3 Hrs.**

**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. Point out the importance of micro economics.
2. Demand is flow concept .why?
3. Define Economic efficency.
4. Derive and define long run Average cost.
5. Define Business cycle.
6. Define exchange rate?
7. What are the Difference between nominal GDP and Real GDP?
8. What are the features of oligopoly market?
9. Why BOP is broad concept than BOT?
10. Define economic profit?

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

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

1. Explain the scope of macro economics.
2. Explain the importance of price elasticity of demand in business decision maing.

13. Define ISO-Quant. explain its proporties.

14. What is the monopoly market?explain the features of monopoly market

15.Explain the instruments of monetary policy.

16. Jagadamba cement has following demand and cost function.

P= 120- 5Q ( demand function) , C = 60+7Q2 ( cost function)

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

17. Given production function Q= 100 √L K, C=Rs 2000, W= Rs 100, r= Rs 80 P= Rs 4

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

**Group “C”**

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

18. Define demand pull and cost push inflation. EXplain the factors that causes inflation .

19. a) Explain the concept of GDP, GNP, NNP , NI and percapita income.

b). consider the following data

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| years  2022  2023  2024 | px  40  80  120 | QX  2000  3000  4000 | Py  80  120  160 | QY  1000  2000  3000 |

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

20 .  a) complete the following table at TFC=200

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| output | TFC | TVC | TC | AFC | AVC | AC | MC |
| 0  1  2  3  4  5  6  7  8 |  | 50  90  120  140  175  230  310  400 |  |  |  |  |  |

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

c) Graph TVC and TC and explain their relation.

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

# Group "D"

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

.Let, Basant pokhrel return migrant from korea, with his four friends to estab , slaughter house in Kathmandu with the view of producing quality and healthy meat products. Besides me, the slaughter house also product raw leather as a byproduct together .Mr. basant has worked as a supervisor of a slaughter house in korea for ten years. His colleagues also have expertise in this business sector. The expertise of the colleagues is found as: Mr. Ram (working as Veterinary doctor for seven years in China), Mr. Hari (working as a marketing manager in US company for 8 years), Mr. Allen (working as a food technician in Food Research and Technology Department, Nepal for 10 years) and Mr. chettri (working as a social worker for creating awareness about benefit of healthy meat products).

They have made intensive discussion on overall scenario of Nepalese market trend and possibility about the business ; finally they have agreed the Asbin’s proposal. The structure and tentative investment budget is allocated among the investors. They have decided to invest Rs. 40 million as a capital. In this regard, Mr. Asbin will have 55% of investment and the rest amount will be invested by others at equal proportion. It is also mandatory for the job holders to quit the jobs in order to initiate the new business.

Finally, the returned migrant who makes large investment raised some issues with his colleagues in relation to business operations like efficient utilization of resources, pricing the products. Prediction of future trends of business, etc. All the colleagues remain silent. It is because the solution of these issues is beyond their expertise. They, the realized that the knowledge of economics in essential in sound business management. It is because microeconomics helps managers to arrive at a set of operating rules that aid in the efficient utilization of human and capital resources, pricing and predictions. Therefore, they agreed to hire an economist as a consultant in the company.

As a economist, if you are appointed as a consultant of the company, which economic principles, would you suggest to solve following problems? Give your suggestions with proper reason.

1. How does the slaughter house achieve efficient utilization of the scarce economic resources (i.e. capital and human resource).
2. How does the slaughter house determine price of its products like meat and raw leather?