**Orchid international college**

**Full Marks: 100**

**Time: 3 Hrs.**

**Bijayachowk, Gaushala-9, Kathmandu**

**Pre-Board Examination - 2080**

## 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 called slicing method?
2. Point out the determinants of demand.
3. State any four causes of shift in supply curve.
4. Define Nominal GDP and Real GDP.
5. Let the autonomus demand be 20 and the slope of the demand curve be 4. derive linear demand curve.
6. What are the features of perfect competition market?
7. Define acconting cost.
8. What does scarcity means in economics?
9. What ie exchange rate?
10. Define fiscal policy.

**Group 'B'**

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

1. Explain the Scope of macro economics.
2. Explain increasing returns to scale.
3. Define Iso-quant? What are its properties?
4. calculate GDPat MP and GNP at mp from the following data .

|  |  |
| --- | --- |
| Items | RS.in crore |
| Rent  Interest  Dividends  Undistributed profits  Corporate taxes  Compensation of employees  Depreciation  Net indirect taxes  Net factor income from abroad | 20  30  45  5  10  100  50  400  10 |

1. Explain the concept of cost-plus pricing with suitable example.
2. Define monetary policy. Explain the objective of monetary policy in developing countries like nepal.
3. The market demand function and market supply function of product are given below:

Supply function, Qs=200+10P and Demand functionQd= 1000- 10P where Q= quantity and p= price

1. compute demand and supply at price Rs 60, 70,80,90 and 100
2. compute price elasticity of demand supply at equilibrium price.

### Group 'C'

**Comprehensive Answer Question. (attempt any THREE) [3×10 = 30]**

1. Define relationship between price elasticity of demand and revenue.? Explain the use and importance of price elasticity of demand.
2. consider the following table.

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

1. At TFC= RS 200, Compute TC AFC, AVC, AC and MC
2. Derive TFC ,TC and TVC and show the relationship between AFC,AVC and AC.
3. Define Business cycle. Explain the different phase of business cycle.
4. Define Demand pull and cost push inflation. What are its causes in the nepalese economy explain them.

### Group’’ D’’

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

1. Read the following situation and answer the following questions: Nepal Telecom (NTC) is a public enterprise of Nepal in service sector. NTC providers telecommunication service and internet service throughout the country. Among many products of NTC, data package for GSM mobile is very popular and has 8.3 million subscribers. There are others two firms that provide data package for GSM mobile. However, there are 28 internet service providers through cable and wireless system in Nepali telecommunication service market.

Following table shows the tariff and validity of data package for GSM mobile of NTC.

|  |  |  |
| --- | --- | --- |
| data package | Tariff rate(paisa\MB) | validity |
| 200 MB | 73 | 1 month |
| 5 GB | 68 | 1 month |
| 1 GB | 57 | 1 month |
| 3 GB | 49 | 2 month |
| 5 GB | 41 | 3 month |
| 10 GB | 32 | 6 month |

1. How does the pricing of data package for GSM mobile of NTC .show the type of price discrimination is this?
2. Explain the conditions for price discrimination. Are all the conditions applicable for discriminating price of NTC? How?
3. Is price discrimination justifiable? Give reasons.
4. Can monopoy always charges high price?