Tribhuvan University

Faculty of Humanities & Social Sciences

Ratna Rajyalaxmi Campus

Pradarshanimarga, Kathmandu

Internal Examination 2024

Bachelor in Computer Applications (BCA)

Course Title: Applied Economics — Full Marks: 60

Code No: CAEC 353 — Pass Marks: 24

Semester: VI — Time: 2

Reg. No.: Section: Roll No.:

Group A

Attempt ALL the questions. **[10 × 1 = 10]**

1) Circle (O) the correct answer.

i. Which of the following is related to the subject matter of microeconomics?
a) the quantity demanded of an individual commodity b) aggregate demand
c) aggregate supply d) the general price level

ii. If the income elasticity of demand for a commodity ($\varepsilon_{Q.M}$) is zero, then the commodity is called
a) inferior b) normal
c) neutral d) none of all

iii. The slope of the indifference curve at a point is called
a) the marginal rate of substitution of *x* for *y* b) budget line
c) isoquant d) all of these

iv. A traditional type of long-run average cost (LAC) has
a) L shape b) V shape
c) a flatter U shape d) none of all

v. The main cause of Nepal's increasing trade deficit is
a) low exports but high imports b) slow industrial development
c) low domestic production d) all of the above

vi. In the monopoly market, AR curve has
a) a negative slope b) a zero slope
c) a positive slope d) none of all

vii. Two commodities are said to be complements if their cross elasticity ($\varepsilon_{x.y}$) is
a) negative b) positive
c) zero d) none of all

viii. One of the measures to control inflation is to
a) increase money supply b) reduce interest rate
c) increase output d) encourage unnecessary consumption

ix. In the long run, a firm in the monopolistic competition is in equilibrium when the firm has
a) normal profit b) losses
c) excess profit d) all of the above

x. An open economy refers to an economy that has
a) an economic relationship with the outside world b) no government sector
c) no economic relationship with the outside world d) no foreign sector

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Candidates are required to answer the questions in their own words as far as possible.

Group-B

Attempt any SIX questions **[6 × 5 = 30]**

2. Define macroeconomics and explain its types.

3. Explain the concept of marginal rate of substitution (MRS_{xy}) under the indifference curve analysis.

4. If the price of a commodity (P_x) rises from Rs. 40 to Rs. 50 per unit, the quantity demanded of this commodity (Q_x) falls from 200 units to 50 units per month, then compute price elasticity of demand. Also interpret the result.

5. Draw average revenue (AR) and marginal revenue (MR) curves under monopoly and perfect competition; then, briefly describe the reasons behind their shapes.

6. Using the MR-MC approach, explain how a firm in the market of monopolistic competition reaches a long-run equilibrium.

7. Explain the negative effects of high inflation.

8. Differentiate between gross domestic product (GDP) and gross national product (GNP). Explain the concept of gross domestic product at market price (GDP_{MP}) and gross domestic product at factor cost (GDP_{FC}).

Group C

Attempt any TWO questions. **[2 × 10 = 20]**

9. What is price discrimination? Explain the concept of the third-degree price discrimination with the help of a suitable figure.

10. Compute the remaining parts of the following table, and explain the short-run relationship between average cost (AC) and short-run margin (MC) also with help of a figure.

Short-Run Total and Per Unit Costs							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Output (Q, units)	Total Fixed Cost (TFC) (Rs.)	Total Variable Cost (TVC) (Rs.)	Total Cost (TC) (Rs.)	Average Fixed Cost (AFC) (Rs.)	Average Variable Cost (AVC) (Rs.)	Average Cost (AC) (Rs.)	Marginal Cost (MC) (Rs.)
1	60	30	…	…	…	…	…
2	60	40	…	…	…	…	…
3	60	45	…	…	…	…	…
4	60	55	…	…	…	…	…
5	60	75	…	…	…	…	…
6	60	120	…	…	…	…	…

11. Explain the expenditure method of measuring the national income by using hypothetical data.

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