

Roll No.

Question Booklet Number

O. M. R. Serial No.

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B. Com. (Honors) (Second Semester)

EXAMINATION, July, 2022

BUSINESS ECONOMICS

Paper Code

BCOMH	2	0	0	4
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Questions Booklet
Series

A

Time : 1:30 Hours]

[Maximum Marks : 100

Instructions to the Examinee :

1. Do not open the booklet unless you are asked to do so.
2. The booklet contains 100 questions. Examinee is required to answer any 75 questions in the OMR Answer-Sheet provided and not in the question booklet. If more than 75 questions are attempted by student, then the first attempted 75 questions will be considered for evaluation. All questions carry equal marks.
3. Examine the Booklet and the OMR Answer-Sheet very carefully before you proceed. Faulty question booklet due to missing or duplicate pages/questions or having any other discrepancy should be got immediately replaced.

परीक्षार्थियों के लिए निर्देश :

1. प्रश्न-पुस्तिका को तब तक न खोलें जब तक आपसे कहा न जाए।
2. प्रश्न-पुस्तिका में 100 प्रश्न हैं। परीक्षार्थी को किन्हीं 75 प्रश्नों को केवल दी गई OMR आन्सर-शीट पर ही हल करना है, प्रश्न-पुस्तिका पर नहीं। यदि छात्र द्वारा 75 से अधिक प्रश्नों को हल किया जाता है तो प्रारम्भिक हल किये हुए 75 उत्तरों को ही मूल्यांकन हेतु सम्मिलित किया जाएगा। सभी प्रश्नों के अंक समान हैं।
3. प्रश्नों के उत्तर अंकित करने से पूर्व प्रश्न-पुस्तिका तथा OMR आन्सर-शीट को सावधानीपूर्वक देख लें। दोषपूर्ण प्रश्न-पुस्तिका जिसमें कुछ भाग छपने से छूट गए हों या प्रश्न एक से अधिक बार छप गए हों या उसमें किसी अन्य प्रकार की कमी हो, तो उसे तुरन्त बदल लें।

(Remaining instructions on the last page)

(शेष निर्देश अन्तिम पृष्ठ पर)

1. Managerial Economics is _____ .
 - (A) Dealing only micro aspects
 - (B) Only a normative science
 - (C) Deals with practical aspects
 - (D) All of the above
2. In economics, desire backed by purchasing power is known as :
 - (A) Utility
 - (B) Demand
 - (C) Consumption
 - (D) Scarcity
3. Basic assumptions of law of demand include :
 - (A) Prices of other goods should change.
 - (B) There should be substitute for the commodity.
 - (C) The commodity should not confer any distinction.
 - (D) The demand for the commodity should not be continuous.
4. Higher the price of certain luxurious articles, higher will be the demand, this concept is called :
 - (A) Giffen effect
 - (B) Veblen effects
 - (C) Demonstration effects
 - (D) Both (B) and (C)
5. In the case of perfect elasticity, the demand curve is :
 - (A) Vertical
 - (B) Horizontal
 - (C) Flat
 - (D) Step
6. Outlay method of measurement of elasticity is also called as :
 - (A) Percentage method
 - (B) Expenditure method
 - (C) Point method
 - (D) Geometric method
7. _____ demand forecasting is related to the business conditions prevailing in the economy as a whole.
 - (A) Macro level
 - (B) Industry level
 - (C) Firm level
 - (D) None of the above
8. _____ is the base of marketing planning.
 - (A) Demand estimation
 - (B) Demand analysis
 - (C) Demand function
 - (D) Demand forecasting

9. Perfect competition is characterized by :
- (A) large number of buyers and sellers
 - (B) homogeneous product
 - (C) free entry and exit of firms
 - (D) All of the above
10. The distinction between variable cost and fixed cost is relevant only in :
- (A) long period
 - (B) short period
 - (C) medium term
 - (D) mixed period
11. Purposes of Short-term Demand forecasting doesn't include :
- (A) Making a suitable production policy
 - (B) To reduce the cost of purchasing raw materials and to control inventory
 - (C) Deciding suitable price policy
 - (D) Planning of a new unit or expansion of existing unit
12. The proportionate change in the quantity demanded of a commodity in response to change in the price of another related commodity is called :
- (A) Price elasticity
 - (B) Related elasticity
 - (C) Cross elasticity
 - (D) Income elasticity
13. Which one is the method for measurement of elasticity ?
- (A) Proportional or Percentage Method
 - (B) Outlay Method
 - (C) Geometric method
 - (D) All of the above
14. Which one of the following is not a reason for adopting penetration price strategy ?
- (A) Product has high price elasticity in the initial stage.
 - (B) The product is accepted by large number of customers.
 - (C) Economies of large scale production available to firm
 - (D) When the buyers are not able to compare the value and utility
15. Car and petrol are :
- (A) Complementary goods
 - (B) Substitute goods
 - (C) Supplementary goods
 - (D) Reserve goods

16. Criteria for good demand forecasting includes :
- (A) Plausibility
 - (B) Simplicity
 - (C) Economy
 - (D) All of the above
17. Cost plus pricing is also called :
- (A) margin pricing
 - (B) full cost pricing
 - (C) mark up pricing
 - (D) All of the above
18. Generally used strategy for pricing new products is/are :
- (A) Skimming price strategy
 - (B) Penetration price strategy
 - (C) Both (A) and (B)
 - (D) None of the above
19. The architect of the theory of monopolistic competition is :
- (A) Rosenstein Rodan
 - (B) J. R. Hicks
 - (C) Karl Marx
 - (D) Chamberlain
20. The function of combining the other factors of production is done by :
- (A) Land
 - (B) Labour
 - (C) Capital
 - (D) Entrepreneurship
21. _____ means the total receipts from sales divided by the number of unit sold.
- (A) Average revenue
 - (B) Total revenue
 - (C) Marginal revenue
 - (D) Incremental revenue
22. When the change in demand is exactly equal to the change in price, it is called :
- (A) Perfectly elastic demand
 - (B) Perfectly inelastic demand
 - (C) Relative elastic demand
 - (D) Unitary elastic demand
23. Tea and coffee are :
- (A) Complementary goods
 - (B) Substitute goods
 - (C) Supplementary goods
 - (D) Reserve goods
24. The market with a single producer is :
- (A) perfect competition
 - (B) monopolistic competition
 - (C) oligopoly
 - (D) monopoly
25. The short-run production function is called :
- (A) Returns to scale
 - (B) Law of variable proportion
 - (C) Production possibility frontier
 - (D) None of the above

26. Which are the characteristics of monopoly ?
- Single seller or producer
 - No close substitutes
 - Inelastic demand curve
 - All of the above
27. Whenever _____ is greater than average total cost, average total cost is rising.
- Marginal cost
 - Variable cost
 - Fixed cost
 - Full cost
28. $GNP_{MP} =$ _____ .
- $GDP_{MP} - \text{Depreciation}$
 - $GDP_{MP} + \text{Depreciation}$
 - $GDP_{MP} \div \text{Depreciation}$
 - $GDP_{MP} + \text{Net factor income from abroad}$
29. $NDP_{MP} =$ _____ .
- $GDP_{MP} - \text{Depreciation}$
 - $GDP_{FC} + \text{Net factor income from abroad}$
 - $NNP_{FC} + \text{Net indirect taxes}$
 - All of the above
30. Which of the following is the method of measuring National Income ?
- Income method
 - Product method
 - Expenditure method
 - All of the above
31. The market price of all final goods of a country in a year is known as :
- GDP_{MP}
 - GDP_{FC}
 - NNP_{FC}
 - None of the above
32. The market value of all final goods and services produced in an economy over a year is called :
- Gross National Product
 - National Income
 - Gross Domestic Product
 - Net National Product
33. The turning points of the business cycle are :
- Expansion and Peak
 - Peak and Contraction
 - Contraction and Trough
 - Peak and Trough

34. _____ refers to the top or the highest point of business cycle.
- (A) Expansion
(B) Peak
(C) Expansion and Peak
(D) None of the above
35. Involuntary unemployment is almost zero in the _____ phase of business cycle.
- (A) Expansion
(B) Contraction
(C) Trough
(D) Depression
36. The economy is said to be overheated at the _____ phase of business cycle.
- (A) Expansion
(B) Peak
(C) Contraction
(D) Depression
37. Inflation is the state in which _____ .
- (A) The value of money decreases
(B) The value of money increases
(C) The value of the money increases first and then decreases
(D) The value of money decreases first and increases later
38. Which of the following class will not be negatively affected by the higher inflation ?
- (A) The consumer class
(B) The debtor class
(C) Pensioner class
(D) Business class
39. _____ shows the change in quantity demanded as a result of a change in consumers' income.
- (A) Price elasticity
(B) Cross elasticity
(C) Income elasticity
(D) None of the above
40. The firm charges price in tune with the industry's price is called :
- (A) Competitive pricing
(B) Going rate pricing
(C) Tune pricing
(D) Target pricing
41. Which one of the following is not a reason for adopting skimming price strategy ?
- (A) When the demand of new product is relatively inelastic.
(B) When there is no close substitutes
(C) Elasticity of demand is not known
(D) Product has high price elasticity in the initial stage

42. Information for pricing decisions involves :
- (A) Product information
 - (B) Market information
 - (C) Information at the micro level
 - (D) All of the above
43. Which is the reason of skimming price ?
- (A) Inelastic demand
 - (B) Diversion of market
 - (C) Safer price policy
 - (D) All of the above
44. Which is the condition of market penetration ?
- (A) High price elasticity of demand in the short-run
 - (B) Savings in production costs
 - (C) Threat of potential competition
 - (D) All of the above
45. If the commodities are substitute in nature, cross elasticity will be :
- (A) Negative
 - (B) Positive
 - (C) Zero
 - (D) Any of the above
46. Which one of the following is not an internal factor influencing pricing policy ?
- (A) Cost
 - (B) Objectives
 - (C) Marketing mix
 - (D) Demand
47. For the commodities like salt, sugar etc., the income elasticity will be :
- (A) Zero
 - (B) Negative
 - (C) Positive
 - (D) Unitary
48. When a small change in price leads to infinite change in quantity demanded, it is called :
- (A) Perfectly elastic demand
 - (B) Perfectly inelastic demand
 - (C) Relative elastic demand
 - (D) Relative inelastic demand
49. Price Elasticity of demand =
- (A) Proportionate change in quantity demanded/Proportionate change in price
 - (B) Change in Quantity demanded/Quantity demanded Change in Price/price
 - (C) $(Q_2 - Q_1)/Q_1 (P_2 - P_1)/P_1$
 - (D) All of the above
50. An increase in income may lead to an increase in the quantity demanded, it is :
- (A) Positive income elasticity
 - (B) Zero income elasticity
 - (C) Negative income elasticity
 - (D) Unitary income elasticity

51. Fixing high price during the introduction, is called :
- (A) Skimming
 - (B) Penetrating
 - (C) Full cost pricing
 - (D) Target pricing
52. In a perfectly competitive market, individual firm :
- (A) cannot influence the price of its product
 - (B) can influence the price of its product
 - (C) can fix the price of its product
 - (D) can influence the market force
53. Which is the determinant of the pricing policy of a firm ?
- (A) Channel of distribution
 - (B) Age of product
 - (C) Consumer association
 - (D) All of the above
54. The causes of emergence of monopoly is/are :
- (A) Concentration of ownership of raw materials
 - (B) State regulation
 - (C) Public utility services
 - (D) All of the above
55. _____ is situation of severely falling prices and lowest level of economic activities.
- (A) Boom
 - (B) Recovery
 - (C) Recession
 - (D) Depression
56. Which is an assumption of Ricardian theory ?
- (A) Long-run
 - (B) No rent land
 - (C) Scarcity of land
 - (D) All of the above

57. Basic assumptions of law of demand does not include :
- (A) There is no change in consumers' taste and preference
 - (B) Income should remain constant
 - (C) Prices of other goods should change
 - (D) There should be no substitute for the commodity
58. In the case of perfect inelasticity, the demand curve is :
- (A) Vertical
 - (B) Horizontal
 - (C) Flat
 - (D) Steep
59. Purposes of long-term demand forecasting includes :
- (A) Making a suitable production policy
 - (B) To reduce the cost of purchasing raw materials and to control inventory
 - (C) Deciding suitable price policy
 - (D) Planning of a new unit or expansion of existing unit
60. Which of the following is a short-run law ?
- (A) Law of constant return to scale
 - (B) Law of increasing return to scale
 - (C) Law of diminishing return
 - (D) None of the above
61. Related to production function, MRTS stands for :
- (A) Marginal revenue and total sales
 - (B) Minimum revenue from total sales
 - (C) Marginal rate of total supply
 - (D) Marginal rate of technical substitution
62. Price discrimination occurs when variation in prices for a product in different markets does not reflect variation :
- (A) Costs
 - (B) Price
 - (C) Demand
 - (D) All of the above
63. A firm that is the sole seller of a product without close substitutes is called :
- (A) Monopoly
 - (B) Oligopoly
 - (C) Competition
 - (D) Bureaucracy

64. In business cycle concept, the period of “long wave” is of :
- (A) 25 years
 (B) 50 years
 (C) 100 years
 (D) 200 years
65. The no. of firms under oligopoly is :
- (A) 1
 (B) 2
 (C) many
 (D) few
66. Growth curve approach is used for forecasting demand of _____ products.
- (A) New
 (B) Old
 (C) Existing
 (D) Both old and existing
67. The properties of indifference curves are :
- (A) Indifference curve slopes downwards from left to right
 (B) Convex to the point of origin
 (C) Two indifference curves never cut each other
 (D) All of the above
68. The competitive firm’s long-run supply curve is the portion of its _____ curve lies above average total cost.
- (A) Marginal cost
 (B) Revenue cost
 (C) Fixed cost
 (D) All of the above
69. The opportunity cost of a given activity is :
- (A) the value of next best activity
 (B) the value of material used
 (C) the cost of input used
 (D) None of the above
70. Marginal revenue is _____ at the quantity that generate maximum total revenue and negative beyond that point.
- (A) Zero
 (B) One
 (C) + 1
 (D) - 1
71. Where Marginal revenue is negative, TR will be _____ .
- (A) Rising
 (B) Falling
 (C) Zero
 (D) One

72. The condition for the long-run equilibrium of a perfectly competitive firm :
- (A) Price = MC = AC
 - (B) Price = TC
 - (C) MC = AVC
 - (D) MC = MR
73. In a perfect market both buyers and sellers are :
- (A) Price maker
 - (B) Price giver
 - (C) Price taker
 - (D) All of the above
74. So long as Average Revenue is falling, Marginal Revenue will be _____ Average Revenue.
- (A) Less than
 - (B) More than
 - (C) Equal to
 - (D) None of the above
75. _____ means the total receipts from sales divided by the number of units sold.
- (A) Total revenue
 - (B) Average revenue
 - (C) Marginal revenue
 - (D) Incremental revenue
76. Which of the following is not a function of managerial economists ?
- (A) Advice on trade and public relations
 - (B) Economic analysis of agriculture
 - (C) Investment analysis
 - (D) Supervision and control
77. Analysis of long-run and short-run affects of decisions on revenue as well as costs is based on :
- (A) Principle of time perspective
 - (B) Equi-marginal principle
 - (C) Incremental principle
 - (D) None of the above
78. Which is the characteristics of managerial economics ?
- (A) Deals with both micro and macro aspects
 - (B) Both positive and normative science
 - (C) Deals with theoretical aspects
 - (D) Deals with practical aspects.

79. In the case of _____ consumer may move to higher or lower demand curve.
- (A) Extension of demand
 (B) Contraction of demand
 (C) Shift in demand
 (D) Slopes in demand
80. _____ means an attempt to determine the factors affecting the demand of a commodity or service and to measure such factors and their influences.
- (A) Demand planning
 (B) Demand forecasting
 (C) Demand analysis
 (D) Demand estimation
81. The innovation theory of profit has been propounded by :
- (A) Marshall
 (B) Prof. Clark
 (C) Prof. Knight
 (D) Prof. Schumpeter
82. Which of the following is not an assumption of the Law of Variable Proportions ?
- (A) There is no change in technology
 (B) Variable factors are homogeneous
 (C) No change in price of related goods
 (D) One factor is variable and others are fixed
83. How many laws of return are there ?
- (A) 1
 (B) 2
 (C) 3
 (D) 4
84. Law of Variable Proportions is applicable in :
- (A) Agriculture
 (B) Industries
 (C) Both (A) and (B)
 (D) Only (A)

85. Which one of the following statements is true ?
- (A) If the marginal cost is greater than the average cost, the average cost falls.
- (B) If the marginal cost is greater than the average cost, the average cost increases.
- (C) If the marginal cost is positive, total costs are maximized.
- (D) If the marginal cost is negative, total costs increase at a decreasing rate if output increases.
86. According to the law of diminishing returns :
- (A) The marginal product of a variable factor eventually falls as more units of it are added to a fixed factor.
- (B) Marginal utility falls as more units of a product are consumed.
- (C) The total product falls as more units of a variable factor are added to a fixed factor.
- (D) The marginal product eventually increases as more units of a variable factor are added to a fixed factor.
87. The law of diminishing returns assumes :
- (A) There are no fixed factors of production.
- (B) There are no variable factors of production.
- (C) Utility is maximized when marginal product falls.
- (D) Some factors of production are fixed.
88. When a firm doubles its inputs and finds that its output has more than doubled, this is known as :
- (A) economies of scale
- (B) constant returns to scale
- (C) diseconomies of scale
- (D) a violation of the law of diminishing returns

89. Implicit costs are :
- (A) equal to total fixed costs.
 - (B) comprised entirely of variable costs.
 - (C) “payments” for self-employed resources.
 - (D) always greater in the short-run than in the long-run.
90. Which would be an implicit cost for a firm ?
- (A) The cost of worker wages and salaries for the firm.
 - (B) The cost paid for leasing a building for the firm.
 - (C) The cost paid for production supplies for the firm.
 - (D) The cost of wages foregone by the owner of the firm.
91. When the total product curve is falling, the :
- (A) Marginal product of labor is zero.
 - (B) Marginal product of labor is negative.
 - (C) Average product of labor is increasing.
 - (D) Average product of labor must be negative.
92. When marginal product reaches its maximum, what can be said of total product ?
- (A) Total product must be at its maximum.
 - (B) Total product starts to decline even if marginal product is positive.
 - (C) Total product is increasing if marginal product is still positive.
 - (D) Total product levels off.
93. Variable costs are :
- (A) Sunk costs.
 - (B) Multiplied by fixed costs.
 - (C) Costs that change with the level of production.
 - (D) Defined as the change in total cost resulting from the production of an additional unit of output.

94. Which is not a fixed cost ?
- (A) Monthly rent of \$1,000 contractually specified in a one-year lease
- (B) An insurance premium of \$50 per year, paid last month
- (C) An attorney's retainer of \$50,000 per year
- (D) A worker's wage of \$15 per hour
95. The average propensity to consume is measured by :
- (A) C/Y
- (B) $C = Y$
- (C) Y/C
- (D) $C + Y$
96. Total revenue is maximum when elasticity of demand is :
- (A) 3
- (B) 1
- (C) 0
- (D) 0.5
97. A firm will close down in the short-run, if AR is less than :
- (A) AC
- (B) AVC
- (C) MC
- (D) None of the above
98. Difference between average cost and average revenue is :
- (A) Total profit
- (B) Net profit
- (C) Average profit
- (D) Marginal profit
99. All of the following curves are U-shaped, except the :
- (A) AFC curve
- (B) MC curve
- (C) AC curve
- (D) AVC curve
100. In monopolistic competition, each firm supplies a small part of the market. This occurs because :
- (A) there are barriers to entry.
- (B) firms produce differentiated products.
- (C) there are no barriers to entry.
- (D) there are a large number of firms.

4. Four alternative answers are mentioned for each question as—A, B, C & D in the booklet. The candidate has to choose the most correct/appropriate answer and mark the same in the OMR Answer-Sheet as per the direction :

Example :

Question :

Q. 1 (A) ● (C) (D)

Q. 2 (A) (B) ● (D)

Q. 3 (A) ● (C) (D)

Illegible answers with cutting and over-writing or half filled circle will be cancelled.

5. Each question carries equal marks. Marks will be awarded according to the number of correct answers you have.
6. All answers are to be given on OMR Answer sheet only. Answers given anywhere other than the place specified in the answer sheet will not be considered valid.
7. Before writing anything on the OMR Answer Sheet, all the instructions given in it should be read carefully.
8. After the completion of the examination candidates should leave the examination hall only after providing their OMR Answer Sheet to the invigilator. Candidate can carry their Question Booklet.
9. There will be no negative marking.
10. Rough work, if any, should be done on the blank pages provided for the purpose in the booklet.
11. To bring and use of log-book, calculator, pager and cellular phone in examination hall is prohibited.
12. In case of any difference found in English and Hindi version of the question, the English version of the question will be held authentic.

Impt. : On opening the question booklet, first check that all the pages of the question booklet are printed properly. If there is any discrepancy in the question Booklet, then after showing it to the invigilator, get another question Booklet of the same series.

4. प्रश्न-पुस्तिका में प्रत्येक प्रश्न के चार सम्भावित उत्तर— A, B, C एवं D हैं। परीक्षार्थी को उन चारों विकल्पों में से एक सबसे सही अथवा सबसे उपयुक्त उत्तर छोटना है। उत्तर को OMR आन्सर-शीट में सम्बन्धित प्रश्न संख्या में निम्न प्रकार भरना है :

उदाहरण :

प्रश्न :

प्रश्न 1 (A) ● (C) (D)

प्रश्न 2 (A) (B) ● (D)

प्रश्न 3 (A) ● (C) (D)

अपठनीय उत्तर या ऐसे उत्तर जिन्हें काटा या बदला गया है, या गोले में आधा भरकर दिया गया, उन्हें निरस्त कर दिया जाएगा।

5. प्रत्येक प्रश्न के अंक समान हैं। आपके जितने उत्तर सही होंगे, उन्हीं के अनुसार अंक प्रदान किये जायेंगे।
6. सभी उत्तर केवल ओ. एम. आर. उत्तर-पत्रक (OMR Answer Sheet) पर ही दिये जाने हैं। उत्तर-पत्रक में निर्धारित स्थान के अलावा अन्यत्र कहीं पर दिया गया उत्तर मान्य नहीं होगा।
7. ओ. एम. आर. उत्तर-पत्रक (OMR Answer Sheet) पर कुछ भी लिखने से पूर्व उसमें दिये गये सभी अनुदेशों को सावधानीपूर्वक पढ़ लिया जाये।
8. परीक्षा समाप्ति के उपरान्त परीक्षार्थी कक्ष निरीक्षक को अपनी OMR Answer Sheet उपलब्ध कराने के बाद ही परीक्षा कक्ष से प्रस्थान करें। परीक्षार्थी अपने साथ प्रश्न-पुस्तिका ले जा सकते हैं।
9. निगेटिव मार्किंग नहीं है।
10. कोई भी रफ कार्य, प्रश्न-पुस्तिका के अन्त में, रफ-कार्य के लिए दिए खाली पेज पर ही किया जाना चाहिए।
11. परीक्षा-कक्ष में लॉग-बुक, कैलकुलेटर, पेजर तथा सेल्युलर फोन ले जाना तथा उसका उपयोग करना वर्जित है।
12. प्रश्न के हिन्दी एवं अंग्रेजी रूपान्तरण में भिन्नता होने की दशा में प्रश्न का अंग्रेजी रूपान्तरण ही मान्य होगा।

महत्वपूर्ण : प्रश्नपुस्तिका खोलने पर प्रथमतः जाँच कर देख लें कि प्रश्न-पुस्तिका के सभी पृष्ठ भलीभाँति छपे हुए हैं। यदि प्रश्नपुस्तिका में कोई कमी हो, तो कक्षनिरीक्षक को दिखाकर उसी सिरीज की दूसरी प्रश्न-पुस्तिका प्राप्त कर लें।