

Bachelor of Information Technology Examination, 2018

EX/IT/T/414/2018

(), 4th Year, 1st Semester)

Economics

Time: Three Hours

Full Marks: 100

Section 1

1. Fill in the blanks (Answer all the questions)

1 x 20 = 20

- (a) At the 2nd stage of the law of variable proportions, Marginal Production is _____ than Average Production.
- (b) If α and β are the output elasticities of capital and labour, respectively, and if $\alpha + \beta > 1$, the production function has a / an _____ returns to scale.
- (c) Everything else remaining the same, when the price of a complement good drops, the demand curve shifts to the _____.
- (d) The highest barriers to entry are observed in the _____ market.
- (e) An effective price ceiling is _____ the market equilibrium price.
- (f) _____ looks at the total output of a nation and the way the nation allocates its limited resources of land, labour and capital in an attempt to maximize production levels and promote trade and growth for future generations.
- (g) National Income = GNP_{FC} minus _____.
- (h) TRIPs stands for Trade Related _____ Property Rights.
- (i) One of the factors of law of _____ returns is wear and tear of machinery.
- (j) Under income method, _____ incomes are considered in measuring national income.
- (k) WTO's highest authority of policy making is WTO _____ Conference which is held after every two years.
- (l) A _____ centre is that segment of business which is responsible for both revenues and expenses.
- (m) _____ materials are those materials which can be directly identified in the product and can be directly measured and directly charged to the product.
- (n) $P = 40 - 0.2Q_d$ and $P = 10 + 0.10Q_s$, where P = price, Q_d = Quantity demanded, Q_s = quantity supplied. The equilibrium market quantity $Q^* =$ _____.
- (o) 'There is only one seller or producer' is a feature of _____.
- (p) At the equilibrium point of _____ competition, marginal revenue = marginal cost.
- (q) Price _____ is a situation in which a firm sells the same product to different customers at different prices for reasons not related to cost or meeting competition.
- (r) $Mu_x / p_x = Mu_y / p_y = Mu_m$, which is constant. Where, $Mu_m =$ _____, Mu_x and Mu_y are marginal utility of products X and Y, respectively. p_x and p_y are unit price of products X and Y, respectively.
- (s) Isoquant curves are _____ to origin.
- (t) The cost which varies directly in proportion to every increase or decrease in the volume of output or production is known as _____ cost.

Section 2

(Answer any 4 questions. Only first 4 answered questions shall be examined; the rest shall be ignored)

20 x 4 = 80

2. Write short notes on any four of the following:

5 x 4

- (i) Isoquant (ii) Cobb-Douglas Production Functions, (iii) Central Problems of an Economy, (iv) Market Skimming Pricing, (v) Market Equilibrium

PTO

3. Enumerate the factors that influence market structure. In which situation a firm is said to be in equilibrium? Explain features of perfect competition. Provide a comparison of various market forms in a tabular format. Diagrammatically explain pricing under monopoly in the long-run. 2 + 1 + 5 + 8 + 4
4. Define 'Law of Variable Proportions'. Explain the assumptions related to this law. With the help of a graphical presentation explain various stages of this law. At which stage would you recommend producing, and why? 2 + 6 + 9 + 3
5. List the problems of foreign trade faced by the developing countries. What are the objectives of WTO? Briefly explain WTO agreements. 5 + 5 + 10
6. (a) List importance of National Income. 4
 (b) Given the following data, using income and outcome methods, find out domestic income, national income, gross domestic product at market price, and gross national product at market price: 2 x 8

Value of Sales	Rs. 4,000 Cr.	Change in stock	Rs. 500 Cr.
Intermediate Consumption	Rs. 1,500 Cr.	Interest	Rs. 400 Cr.
Wages	Rs. 350 Cr.	Dividend	Rs. 300 Cr.
Corporate Tax	Rs. 200 Cr.	Undistributed Profits	Rs. 250 Cr.
Mixed Income of Self Employed	Rs. 400 Cr.	Depreciation	Rs. 200 Cr.
Net Indirect Taxes	Rs. 300 Cr.	Rent	Rs. 600 Cr.
Net Factor Income from Abroad	Rs. 100 Cr.		

7. (a) Compare and contrast Profit Centres with Cost Centres. 4
 (b) Prepare a cost sheet in the book of Durga Co. Pvt. Ltd. from the following particulars: (use proper format, and show rough calculations separately) 16

	Rs. ('000)		Rs. ('000)
Opening stock		Power (factory)	2,000
Raw – materials	5,000	Factory heating and lighting	2,000
Finished goods	4,000	Factory insurance	1,000
Closing stock		Experimental Expenses	500
Raw – materials	4,000	Sales of wastage of materials	200
Finished goods	5,000	Office management salaries	4,000
Raw – materials purchased	50,000	Office printing and stationery	200
Wages paid to labourers	20,000		
Salaries of salesmen & commission of travelling agent	2,000		
Chargeable expenses	2,000		
Factory rent & taxes	5,000	Sales	1,00,000