Bachelor of Information Technology Examination, 2018
(Full Time, 4th Year, 1st Semester, Supplementary))

Economics

Time: Three Hours _____ Full Marks: 100

Section 1

1. **Fill in the blanks (Answer all the questions)**   1 x 20 = 20

(a) MRTS curves are called linear _____.

(b) The lowest barriers to entry are observed in the _____ market.

(c) At the 2nd stage of the law of variable proportions, Average Production is _____ than Marginal Production.

(d) 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.

(e) An effective price floor 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) TRIMs stands for Trade Related _____ Measures.

(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) Prime cost = direct materials + direct labour + direct _____.

(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) $P = 40 - 0.2Qd$ and $P = 10 + 0.10Qs$, where P = price, Qd = Quantity demanded, Qs = quantity supplied. The equilibrium market quantity $Q^* =$ _____.

(o) 'There is only one seller or producer' is a feature of _____.

(p) A firm is said to be in equilibrium when it has neither have any incentive to expand, nor to _____ its business.

(q) _____ discrimination 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) Everything else remaining the same, when the price of a input drops, the supply curve shifts to the _____.

(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) Least cost combination of inputs   (ii) Cobb-Douglas production function,   (iii) Central problems of an economy,   (iv) Price discrimination,   (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 'Economies of Scale'. Summarise 'Internal Economies of Scale'. What does 'External Economies of Scale' mean to you? Explain classifications of 'External Economies of Scale'. 2 + 7 + 2 + 9

5. What are the objectives of WTO? Explain TRIMs and TRIPs under WTO agreements. Enumerate the problems of foreign trade faced by the developing countries 5 + 10 + 5

6. (a) Enumerate 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. Prepare a cost sheet from the following extracts of Rabi Co.:

Material used in manufacturing Rs 5,500
Material used in packing material Rs 1,000
Material used in selling the product Rs 150
Material used in the factory Rs 175
Material used in the office Rs 125
Labour required in production Rs 1,000
Labour required for supervision in factory Rs 200
Expenses direct factory Rs 500
Expenses indirect factory Rs 100
Expenses office Rs 125
Depreciation of office building Rs 75
Depreciation on factory plant Rs 175
Selling expenses Rs 350
Freight on material Rs 500
Advertising Rs 125

Assuming that all products manufactured and sold, what should be the selling price to obtain a profit of 20% on selling price. 18 + 2