



Send up Exam 2071

Subject: **Business Economics (Eco 503)**

Grade: **MBS-I**

Time: 3:00 hrs.

F.M.: 100

P.M.: 35

Candidates are required to give their answers in their own words as far as practicable. The figures in margin indicate full marks

Group A

Managerial Economics

Short Answer Questions

Attempt any **THREE** questions [3×10=30]

1. Define managerial economics. Describe the major differences between traditional economics and managerial economics.
2. Explain the relationship of price elasticity of demand with total revenue and marginal revenue.
3. What do you understand by economies of scope? How is it measured?
4. Explain the concept of peak load pricing technique.
5. Distinguish between risk lover and risk averter and clarify the concept through suitable numerical example and graph.

Comprehensive Answer Questions

Attempt any **ONE** questions

6. ABC company has the following demand and cost functions. [20]

$$P = 25 - 0.5Q \text{ (Demand function)}$$

$$C = 1.5Q^2 + 5Q + 10 \text{ (Cost function)}$$

Where Q = quantity in thousands of units, P = Per unit price in RS. and C = total cost.

Find the price and the total profit of this company under the objectives of;

- a. Profit maximization

- b. Sales revenue maximization and
 - c. Sales revenue maximization with a profit constraint of RS 22 (thousands).
7. Define demand forecasting. Describe the quantitative and qualitative method of demand forecasting. Explain the process of demand forecasting through time series analysis. [4+6+10]

Group B

Policy Analysis

Short Answer Questions

Attempt any **THREE** questions [3×10=30]

8. Explain how the theory of public choice explains the possibility of government failure.
9. Give your arguments in favor and against of patent to a business firm.
10. Define inflation. Describe in detail the inflation created by supply side.
11. What is globalization? Explain the impacts of globalization in Nepalese economy.
12. Explain the major components of current industrial policy of government of Nepal.

Comprehensive Answer Questions

Attempt any **ONE** questions [20]

13. How public policies affect business decision making? Explain in reference of some major public policies.
14. 'Foreign capital plays crucial role for overall development of underdeveloped economies like Nepal but foreign investment has not been boosted in Nepal despite the various provisions made in foreign investment and one window policy 2049.' Discuss in this statement.

The End