

JK LAKSHMIPAT UNIVERSITY JAIPUR
INSTITUTE OF ENGINEERING AND TECHNOLOGY
END TERM EXAMINATION, DECEMBER 2022
BCA SEMESTER III

IL1104: Economics and Accounting

Roll No.....
Time: 2.5 hours Max. Marks: 30

Question 1: Answer the following questions based on the understanding of "Demand and Supply"
(6 Marks) (LO 4.2)

- A. Consider a Market for iPods and Music Downloads. Draw a Demand Curve for Music Downloads with respect to "Price of Music Download" and "Quantity of Music Download". What happens to it in each of the following scenarios? Explain with the help of Diagram.
- i. The price of iPods falls
 - ii. The price of compact discs falls
- B. Consider a Market for Tax Return Preparation Software. Draw a Supply Curve for Tax Return Preparation Software with respect to "Price of Tax Return Software" and "Quantity of Tax Return Software". What happens to it in each of the following scenarios? Explain with the help of Diagram
- i. Retailers cut the price of the software.
 - ii. A technological advance allows the software to be produced at lower cost.

Question 2: Answer the following questions based on the understanding of "Gross Domestic Product"
(8 marks) (LO 4.2)

In each of the following cases, determine how much GDP and each of its components is affected (if at all).

- i. You spend Rs. 3000 for lunch at the finest restaurant in Jaipur
- ii. You spend Rs. 20000 on a new laptop to use in your start-up. The laptop was built in China.
- iii. You spend Rs. 20000 on a computer to use in your business. You got last year's model on sale for a great price from a local manufacturer.
- iv. Tata Motors builds Rs. 50 million worth of cars, but consumers only buy Rs. 47 million worth of them.

Question 3: Answer the following questions based on the understanding of "Ten Principles of Economics"
(6 Marks) (LO 4.3)

- i. Imagine that you are a policymaker trying to decide whether to reduce the rate of inflation. To make an intelligent decision, what would you need to know about inflation, unemployment, and the trade-off between them?
 - ii. In what ways is your standard of living different from that of your parents or grandparents when they were your age? Why have these changes occurred?
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Question 4: Answer the following questions based on the understanding of “Price Elasticity of Demand”- (4 Marks) (LO 4.1)

Suppose that Business Travellers and Vacationers have the following Demand for airline tickets from Delhi to Mumbai:

Airline Ticket Price (Rs.)	Quantity Demanded (Business Travellers)	Quantity Demanded (Vacationers)
5000	2100	1000
12000	1800	400

- As the price of tickets rises from Rs. 5000 to Rs. 12000, what is the price elasticity of demand for (i) Business Travellers and (ii) Vacationers? (Use the Midpoint Method in your calculations.)
- Why might Vacationers have a different elasticity from Business Travellers?

Question 5: Answer the following questions based on the understanding of “Cost of Production and Firms in Competitive Markets (Perfect Competition)”- (6 Marks) (LO 4.1)

- Based on the Following Table, Calculate the Company’s Marginal Costs at each Level of Production

Quantity	Total Fixed Cost (Rs.)	Total variable Cost (Rs.)
0	100	0
1	100	20
2	100	40
3	100	80
4	100	140

- Explain The Zero-Profit Condition with respect to Firms in Competitive Markets (Perfect Competition)
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