CD-24/3/15 - FYBFM Sem I – Economics – 75 Marks – 2 ½ Hrs -

Q1 A) State whether the following statement are True or False (5)

1. Internal economics continue to occur with every expansion of output
2. Perfect competition is a realistic market structure
3. In decreasing returns to scale input and output increase in same proportion
4. Selling cost is a unique feature of monopolistic competition
5. Real cost refers to actual quantities of various factors used in producing a commodity

B) Choose the correct answer and rewrite statement (5)

1. An isoquant has a ______ slope
   a. Negative b. Positive c. Straight Line
2. In short run total cost (TC) equals ______
   a. TVC-TFC b. TVC+TFC c. TVC=TFC
3. Indifference curve ______ to origin
   a. Concave b. Straight Line c. Convex
4. In ______ returns to scale when inputs are increase in a certain proportion the output tend to increase at higher rate
   a. Increasing b. Decreasing c. Constant
5. When price is ______ than AVC it is called shut down point
   a. Greater b. Less c. Equal to

C) Match the following (5)

Group A	Group B
1. ISO cost line	a. Reduction in cost of production
2. Economics of scale	b. Many buyer and seller
3. Industry	c. nQ = f(nk, nl)
4. Monopolistic Competition	d. Budget line
5. Linear Production function	e. Price maker

A) Explain the meaning importance and uses of macro economics (8)

B) Highlight in detail production possibility curve (PPC) with example (7)

OR

C) State the meaning and properties of indifference curve (8)

D) Explain the concept of marginal rate of substitution with suitable example. (7)

A) State the meaning and types of production function (8)

B) What is revenue? State revenue concept under different markets (7)

OR

C) Explain the meaning and types of internal economies of scale (8)

D) Explain long run cost curve concept in detail (7)

Q.4 A) Outline the objectives of modern business firm. (8)

B) State the meaning and feature of monopolistic competition (7)

OR

C) Examine short run equilibrium of a firm and industry under perfect competition with suitable diagram (8)

D) When is price discrimination possible and profitable? (7)

Q.5 Write short note on (Any 3) (15)

1. External economies of scale
2. Learning curve
3. Features of monopoly
4. Stages involved in capital budgeting
5. Internal rate of return method