2-11-19

VCD -------------/FYIMG/SEM – I/Business Economics/75 Marks/2.30 HRS.

Note: i) All Questions are Compulsory
ii) Figures to the right indicates full marks.
iii) Draw diagram wherever necessary.

Q 1. A) State whether the following statements are "True" or "False" (any 8) (8)

1. Micro economics deals with the analysis of National income.
2. Supply and price are inversely related.
3. All inferior goods are giffen goods.
4. Price elasticity of demand will be negative for most normal commodities.
5. Long term forecasts are required for capital investment
6. Production function may changes with technological changes..
7. Returns to scale occur due to indivisibility of some factors.
8. At break – even point, price is equal to average variable cost.
9. When a firm is in equilibrium, it always earns profit.
10. For price discrimination product must differ in equity.

B) Match the following (Any 7) (7)

A	B
1. Equations	a) kinked demand curve
2. Optimum principle	b) convex to the origin
3. Oligopoly	c) aims at optimizing given objective
4. Isoguants	d) mathematically express functions
5. Non transferability of goods	e) avoiding price war
6. Price leadership	f) with excess or normal profit
7. Selling cost may increase	g) long run average cost curve
8. Long run equilibrium	h) conditions for price discrimination
9. TVC = TR	i) shut down point
10. Planning curve	j) demand

Q 2. A) Explain the concept of opportunity cost and bring out its significance in business economics. (8)

b) Explain the nature of demand curve in different markets. (7)

OR

c) Explain the nature of demand curve in a perfectly competitive market and monopoly. (8)

d) What are the types of demand forecasting?

Q 3. a) Discuss the law of returns to scale (08)

b) Explain difference between internal and external economies of scale. (07)

OR

c) Given TFC as Rs. 100, Calculate TC, ATC, AFC and MC from information given : (8)

Quantity	1	2	3	4	5	6	7
TFC	10	30	60	80	100	120	140

d) Explain the various types of costs. (7)

Q 4 a). Explain the short run equilibrium of a firm under monopoly. (8)

b) Examine the concept of selling cost. (7)

OR

c) What is oligopoly? Explain the characteristics of oligopoly. (8)

d) Explain the concept of long run equilibrium of a firm in perfect competition. with the conditions of perfect competition. (7)

Q 5. a) Explain the difference between marginal cost pricing and full cost pricing. (8)

b) Discuss the transfer pricing methods. (7)

OR

c) Write short notes (any 3) (15)

1. Shifts in demand and supply curve.
2. Expansion path.
3. Dumping
4. Price discrimination.
5. Arc elasticity of demand