28/11/19

VCD|_____| FYBAF Business Economics I|SEM I (CB) |Oct 2019|75 Marks| 2.5 hrs

Note : (i) All questions are compulsory.
(ii) Figures to right indicates marks.
(iii) Draw diagram wherever necessary

Q1) a) State whether the following statement are True or False. (Any Eight) (8)
1) Economics is the science of choices.
2) Demand and price are inversely related.
3) All inferior goods are Giffen goods.
4) Relatively inelastic demand is represented by a vertical demand curve.
5) Long - term forecast take into account future changes.
6) Two isoquant never intersects each other.
7) Fixed proportion production function is characterised by constant return to scale.
8) External economies may occur due to division of labour.
9) Implicit cost are contractual payment made during the process of production.
10) At Break even point TR > TC.

Q1) b) Match the following. (Any Seven) (7)

Group A	Group B
1) Business economics	1) Downward sloping
2) Market demand curve	2) Test Marketing
3) Perfect competition	3) Economies of information
4) Market experimentation	4) TFC + TVC
5) External economies of scale	5) Managerial economics
6) Total cost	6) Horizontal demand curve
7) Break even Analysis	7) Horizontal straight line
8) Demand curve	8) Single seller
9) Monopoly	9) Advertisement Expenditure
10) Selling cost	10) cost-volume profit analysis

Q2) a) Explain the scope of business economics. (8)
b) Explain determinants of demand. (7)

OR

c) The demand function for commodity Rice is given by $Qd_R = 100\ P_R$. The price (8)
of Rice is given in the below table.

Price of Rice (Rs)	Quantity demanded (kg)
1	
2	
3	
4	

Answer the following questions: -

    i.   Calculate quantity of demand for Rice at given prices.   **(3)**

    ii.   With the help of demand schedule draw the demand curve.   **(2)**

    iii.   Calculate price elasticity of demand when price changes from   **(3)**
              Rs 2 to Rs 4.(Point Method)

    d) Discuss how changes in demand can change equilibrium price.   **(7)**

Q3)   **a)** Explain the types of isoquants.   **(8)**

        b) Discuss the Law of Return to Scale in detail.   **(7)**

OR

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

Units	1	2	3	4	5	6
TVC	20	25	40	50	80	120

    d) Discuss the business application of break-even analysis.   **(7)**

Q4)   **a)** Explain the features of monopolistic competition.   **(8)**

        b) Discuss price Rigidity. (Kinky Demand Curve)   **(7)**

OR

    c) Explain the short-run equilibrium of a firm with excess- profit,   **(8)**
    normal profit and loss.

    d) What is price-leadership? Explain the types and limitation of price leadership.   **(7)**

Q5)   **a)** Explain cost-plus pricing concept with its methods.   **(8)**

        b) Highlight price-discrimination with different degrees.   **(7)**

OR

Q5) Write short-notes on . (Any Three)   **(15)**

    1) Cross Elasticity of demand
    2) Factors affecting demand
    3) Expansion path (scale line)
    4) Dumping
    5) Types of production function