

(2 ½ Hours)

[Total Marks: 75]

- N.B : (1) All questions are **compulsory**.
 (2) **Figures** to the right indicate **full** marks.
 (3) Draw **neat diagrams** wherever necessary.

1. (A) State whether following statements are true or false. (Any **Eight**) 8
- (1) Function explains the relationship between two economic variables.
 - (2) The perfectly inelastic demand curve is horizontal to X-axis.
 - (3) Statistical methods of demand forecasting are more accurate and scientific.
 - (4) The substitute goods have positive cross elasticity of demand.
 - (5) Under law of variable proportion, the total product curve becomes negative in the third stage.
 - (6) Internal economies of scale are termed as economies of large scale production.
 - (7) Iso-quants are also known as equal product curve.
 - (8) Oligopoly produce homogenous product.
 - (9) Advertisement expenditures are huge for a perfectly competitive firm.
 - (10) In case of multi-products, demand interrelationship influences the pricing decisions.

- (b) Match the following (Any **seven**) 7

	Group 'A'		Group 'B'
1.	Incremental cost	a.	Advertisement expenditure
2.	AR	b.	Point method
3.	Promotional elasticity of demand	c.	Slope of Iso-quant
4.	Geometric method	d.	Arrow
5.	Marginal Rate of Technical Substitution	e.	Envelope curve
6.	Learning curve	f.	Monopolistic competition
7.	Long run average cost curve	g.	TR/Q
8.	Selling cost and product differentiation	h.	Prof. Chamberlin
9.	Concept of Group	i.	Analyses the impact of a decision on investment and production
10.	Transfer pricing	j.	Arises due to growth of large scale industries

2. (A) Define income elasticity of demand and discuss the practical importance of income elasticity of demand. 8

(B) Explain the nature of demand curve under imperfect competition market. 7

OR

(C) The following are the annual sales of bicycles from the period 2001 to 2008 --

Years	2001	2002	2003	2004	2005	2006	2007	2008
Sales in (Rs. Lakh)	21	25	29	35	28	31	34	32

Questions-

1) Find the trend value of sales by using the three yearly moving average method. 6

2) What are the advantages of moving average method? 2

(D) What is demand forecasting? Explain fully the consumer survey method. 7

3. (A) Explain the laws of returns to scale with the help of Iso-quants. 8

(B) What are economies of scale? Discuss the types of external economies of scale. 7

OR

(C) Calculate the short-run Total Fixed Cost, Total Variable Cost, Average Cost and Marginal Cost from the following cost schedule. 8

Output [In units]	0	1	2	3	4	5	6
TC [In Rs.]	100	125	140	150	170	200	245

(D) Explain with the help of suitable diagram linear break-even analysis and discuss the uses of break- even analysis. 7

- 4. (A) Discuss the short-run equilibrium of price and output under the monopolist firm. 8
- (B) How does the industry attain equilibrium of price and output under perfect competition in long-run? 7

OR

- (C) Explain the concept of price rigidity with the help of suitable diagram. 8
 - (D) “Cartel aims at joint profit maximisation”. Explain. 7
- 5. (A) Discuss the advantages and disadvantages of marginal-cost pricing method. 8
 - (B) Explain how monopolists practices the different forms of price discrimination. 7

OR

Write short notes (Any **Three**) 15

- (a) Nature of business economics.
- (b) Time series method of demand forecasting.
- (c) Expansion path.
- (d) Price leadership.
- (e) Transfer pricing.
