FYBCOM/SEM I/BE-I/12.10.2019

Time: 3 hrs. **Marks:100**

Note:
1. All questions are compulsory with internal options.
2. Figures to the right indicate full marks.
3. Draw neat diagram wherever necessary.
4. Use of simple calculator is permitted.

Q1 (A) Select the best answer from the given options and rewrite the statement. (Any 10) **(10)**

(1) ____________________ refers to the integration of economic theory with business practices.
a) Business economics b) Public finance c) Macro economics d) Micro economics

(2) Demand analysis and forecasting is essential for ______________________.
a) strategy b) business planning c) scope d) input

(3) The _________________ measures the change in the dependent variables, with respect to change in independent variables.
a) average concept b) marginal concept c) revenue concept d) cost concept

(4) ___________________ are per unit values.
a) Mean b) Marginal c) Average d) Total cost

(5) A normal good can be defined as one which consumers purchase more, as the ___________________.
a) price rise b) price falls c) no change in price d) price fluctuated

(6) If the good is normal, then the demand curve for that good must be _______________.
a) horizontal b) vertical c) downward sloping d) upward sloping

(7) If the price of commodity falls, it becomes relatively cheaper in _______________.
a) substitution effect b) price effect c) income effect d) none of the above

(8) A straight line demand curve implies ________________ demand function.
a) linear b) concave c) convex d) curvical

(9) ________________ property of an isoquant is due to diminishing marginal rate of technical substitution.
a) Convexity b) Linear c) Kinked d) Right angled

(10) Kinked isoquant indicates _______________ substitutability of factors.
a) unlimited b) limited c) at par d) vertical

(11) Production slope of iso-cost line is _________________.
a) PL = PK b) PL * PK c) PL / PK d) PL+ PK

(12) In the short run, a firm's _______________ will always have to be incurred.
a) variable cost b) fixed cost c) sunk cost d) replacement cost

B) Write whether the following statements are true or false. (Any 10) **(10)**

(1) Economics is the science of choice.
(2) The primary focus of business economics is economic welfare.
(3) Opportunity cost can always be measured in terms of money.
(4) Incrementalism and marginalism are same.
(5) An exogenous model is within an economic model.
(6) Demand function explains the functional relationship between price and demand.
(7) Demand for a commodity depends only on price, not on income from a commodity.
(8) A monopoly firm faces upward sloping demand curve.
(9) Demand varies directly with price.
(10) Production refers to creation of utility.
(11) A technically efficient production function indicates absence of wastage of resources.
(12) There is no difference between economic and accounting cost.

Q2. Attempt A and B OR C and D

(A) Discuss the scope of business economics. **(07)**

(B) Given the following data, calculate TR, AR and MR. Also identify the market structure and state the relationship between TR, AR and MR. **(08)**

Output (Units)	1	2	3	4	5	6	7

Price (Rs.)	20	20	20	20	20	20	20

OR

(C) Discuss the changes in demand, in market equilibrium price. **(07)**

(D) **(08)**

The demand function for a commodity is given as Qdx = 40 – 0.5Px and its supply function is given as Qsx = -20 + 0.8Px. Make a schedule of demand and supply at prices, Rs. 100/- , Rs. 200/- , Rs. 300/- and Rs. 400/-. Find the equilibrium price and quantity.

Q3. **Attempt A and B OR C and D**

(A) Explain law of demand and it's exceptions with suitable diagram. **(07)**

(B) Describe the nature of demand curve under perfect competition and monopolistic competition. **(08)**

OR

(C) Define demand forecasting. Explain the types of demand forecasting. **(07)**

(D) In a town, the monthly charges of internet access service decreases from Rs. 200 to Rs. 100 and the total quantity of monthly accounts of all internet access providers increases from 1,00,000 to 2,00,000. What is the price elasticity of demand? Is demand elastic, unit elastic or inelastic? **(08)**

Q4. **Attempt A and B OR C and D**

(A) Define isoquants**.** Explain the types of isoquants. **(07)**

(B) Explain the law of variable proportions. **(08)**

OR

(C) Explain the least cost combinations in producer's equilibrium. **(07)**

(D) Explain external economies of scale. **(08)**

Q5. **Attempt A and B OR C and D**

(A) Explain the money cost concept and social and private cost concept. **(07)**

(B) Given TFC as Rs. 145, calculate TC, ATC, AVC, AFC and MC from the information given below. **(08)**

Units	1	2	3	4	5	6
TVC	30	55	75	105	155	225

OR

(C) Explain long run average cost curve. **(07)**

(D) A firm can produce 20,000 units per month. The price per unit is Rs. 100. TVC is Rs. 2, 00,000 and TFC is Rs. 2, 00,000. Find the break-even sales volume and revenue. **(08)**

Q6. **Attempt A and B or write short notes on any four.**

(A) Explain the changes in break-even point, when there are the changes in price and variable cost. **(10)**

(B) Discuss internal economies and diseconomies of scale. **(10)**

OR

Write short notes on (any four) of the following : **(20)**

(1) Functions and equations for Economic Analysis

(2) Steps of demand forecasting.

(3) Properties of isoquants.

(4) Fixed and variable cost.

(5) Limitations of break-even analysis.

(6) Relationship between average cost and marginal cost.

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