

SUB: Economics.

(Marks 100)

FYBCOM SEM I

(Time 3hrs)

N.B. All Questions are Compulsory
Use of simple calculator is permitted.

Q.1 A) Select the best answer from the given options and rewrite the statement. **(Any Ten) 10**

i) Which of the following terms is not used to explain demand?

- a) Desire
- b) Income
- c) Ability to pay
- d) Willingness to pay

ii) Promotional elasticity of demand shows the

- a) Buyers purchase in the market
- b) Buyers are willing to purchase at a given price
- c) Buyers are willing and able to purchase at alternative prices
- d) Buyers are able to purchase at a specific price.

iii) The downward sloping curve indicates that

- a) As price increases, quantity demanded decreases
- b) As price increases, quantity demanded increases
- c) As price decreases, quantity demanded increases
- d) None of the above

iv) Production is conversion of inputs into

- i) Cost
- j) Price
- k) Output
- l) None of the above

v) Time series analysis considers

- a) Trends
- b) Cyclical and seasonal fluctuations
- c) Irregular movements
- d) All the above

vi) Demand forecasting is always

- a) Unreliable
- b) Accurate
- c) Conditional
- d) None of the above

vii) In short run

- a) output varies with variable factors
- b) All factors are variable
- c) There exists some fixed factors only
- d) There is short time for change

viii) LRAC curve is also called as

- a) Envelope Curve
- b) Supply Curve
- c) V shaped Curve
- d) Demand Curve

ix) Long run production function is also called as

- a) Consumption function
- b) Demand function

- c) Returns to scale
- d) Law of Variable Proportions
- x) At shut down point price is equal to:
 - a) AFC
 - b) AVC
 - c) AC
 - d) All the above
- xi) The difference between private and social cost is due to
 - a) Opportunity cost
 - b) Diminishing marginal utility
 - c) Externalities
 - d) Accounting errors
- xii) Profit is maximised when
 - a) TC is minimum
 - b) TR is minimum
 - c) $TC = TR$
 - d) Gap between TR and TC is maximum

Q.1 B) State True Or False. (Any TEN)

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1. Demand function for a product explains the functional relationship between price and demand.
2. The horizontal demand curve implies perfectly inelastic demand.
3. Demand forecasting is helpful in product planning.
4. In short run production function all the factors are allowed to change.
5. When TP is maximum, M_p is zero.
6. Isoquants are concave to the origin.
7. $ATC = AFC + AVC$
8. TFC is a vertical straight line.
9. Money cost includes payments made in kind.
10. The firm gets profits or losses when there is gap between TR & TC
11. Break even point and shut down point are same
12. Under perfect competition, $AR = MR = Price$

Q.2 Attempt A and B or C

- A) What is Business Economics? Discuss the scope of Business Economics 07
- B) What is opportunity cost? 08

OR

- C) Explain 15
 - 1) Movement along demand curve
 - 2) Shift in demand curve

Q.3 Attempt A and B or C

- A) Explain the determinants of demand 07
- B) Describe the nature of demand curve under perfect competition. 08

OR

- C) What are the types of price elasticity of demand? 15

Q.4 Attempt A or B

- A) Explain law of returns to scale. 15
- OR**

B) Discuss various internal and external diseconomies of scale.

15

Q.5 Attempt A or B

15

A) Give $TFC = 100$, calculate TC , AFC , AVC and MC

OUTPUT	TVC(Rs)
0	0
1	500
2	850
3	1000

OR

B) Draw Following Diagrams

15

1. TFC , TVC , TC
2. SAC
3. AFC

Q.6 Write Short Notes on any FOUR

20

1. Functions and Variables
2. Law of demand
3. Significance of Demand Forecasting
4. Promotional elasticity of demand
5. Short run production function
6. Diseconomies of scale
7. Accounting cost & economic cost
8. Break even point