

BUSINESS ECONOMICS-I

15.2.20

A.Y:2019-2020

₹ F.Y.BBI: SEM I

Duration: 2 ½ hours

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 the following statements are true or false. (Any Eight) (08)

- 1) Economic problem is the root cause of an economics problem.
- 2) The problem of scarcity and opportunity cost are implied in the production possibility curve.
- 3) Demand is inversely related to price.
- 4) Stock and supply of a good are different concepts.
- 5) The law of variable proportions explains short run production function.
- 6) Cobb- Douglas production function is non- linear function.
- 7) The distinction between fixed and variable cost is valid only in the long run.
- 8) Accounting cost considers only explicit cost.
- 9) Break-even point refers to the no- profit n loss zone.
- 10) Price discrimination is desirable if it lead to more output and greater social welfare.

(1) (B) Match the following (Seven)

(07)

GROUP 'A'	GROUP 'B'
1) MRTS	a) Variable Factor
2) Indifference curve	b) Time & Set of data
3) Long term forecasting	c) Price discrimination
4) Explicit Cost	d) No close substitute

5) Monopolists competition	e) Concept of pricing
6) Hall & Hitch	f) Intense competition
7) Monopòly	g) Factors of production
8) Prof. Pigou	h) 5 years or more
9) Time series	i) Level of satisfaction
10) Labour	j) Slope of isoquant

(2) (a) Explain in detail with the help of an example the concept of production possibility curve. (8)

(2) (b) Write the meaning & importance of business economics. (7)

**OR**

(2) (c) The demand equation for wheat is given as  $Q_w = 100 - 5P_w$  and the price of wheat is given in below table: (8)

Price of wheat (Rs)	Quantity of demand (Kg)
2	
4	
6	
8	

**Answer the following questions:**

(1) Calculate quantity of demand for Wheat at given prices.

(2) With the help of above demand schedule draw a demand curve.

(3) Calculate price elasticity of demand when price changes from Rs. 4 to Rs. 8

(2) (d) Explain the law of supply in detail. (7)

(3) (a) What is an isoquant? Explain its properties using diagrams. (8)

(3) (b) Explain the features and types of production function. (7)



OR

(3) (c) Given TFC as Rs. 150, Calculate TC, ATC, AFC & MC from the information given below: (8)

Units	1	2	3	4	5	6
TVC	35	60	80	110	160	230

(3) (d) Mention the types of internal economies of scale. (7)

(4) (a) Explain in detail the features of oligopoly competition. (8)

(4) (b) " Short Run Equilibrium: The monopoly firm will be in equilibrium when the firm gets maximum profits. – Elaborate and draw suitable diagrams. (7)

OR

(4) (c) Explain the TR-TC and MR-MC approaches regarding the equilibrium of the firm in perfect competition. (8)

(4) (d) What is price leadership? Explain the types of price leadership. (7)

(5) (a) What are the various pricing policy objectives? (8)

(5) (b) Write a note on Transfer pricing. (7)

OR

(5) (c) Write short notes: (Any three) (15)

- 1) Opportunity cost
- 2) Role of advertising in monopolistic competition
- 3) Kinked demand curve
- 4) Marginal cost pricing
- 5) Incremental & marginal concept