BUSINESS ECONOMICS – SEMESTER I

Time: 21/2 hrs
Marks: 75

1. Draw neat diagrams and Schedules wherever necessary.
2. Figures to the right indicate full marks.

1. A. State TRUE or FALSE (Any EIGHT)   08

1. If good is normal then the demand curve for that good will be positive.
2. Price elasticity at a given price is not affected by income.
3. Returns to scale determine the short run production function.
4. Average fixed cost declines over certain output range.
5. The market demand curve slopes downwards.
6. Fixed cost is regarded as variable cost.
7. Collusive oligopoly leads to price leadership.
8. Selling cost is feature of monopoly.
9. Mark up pricing is effective in determining the supply.
10. The trend method uses the time series data.

B. Choose the correct answers (Any SEVEN)   07

1. The demand for a product is the amount that
a. buyers purchase in the market
b. buyers are willing to purchase at given price
c. buyers are willing to purchase at alternative price
d. buyers are able to purchase at Specific price

2. The law of demand is illustrated by a demand curve that is
a. horizontal
b. vertical
c. upward sloping
d. downward sloping

3. Demand for petroleum products are relatively price inelastic because
a. No close substitutes
b. essential commodities
c. No possibility to postpone their consumption
d. luxury goods

4. An Inferior good
a. is always positive
b. is always negative
c. may be positive or negative
d. is inflationary

5. The _____ method uses time series data
a. trend
b. end use
c. sampling
d. delphi

6. When TP is maximum MP is
a. zero
b. 1
c. 2
d.3

7. Return to scale determine the behaviour of
a. short run average cost
b. marginal cost
c. total cost
d. economic cost

8. Accounting cost does not included
a. payment made to the accounts
b. opportunity cost
c. money cost
d. salaries

9. LAC is used to determine
a. lowest possible AC various levels of output
b. highest possible AC various levels of output
c. profit range
d. price behavior

10. Demand analysis and forecasting is essential for _____
a. Business economics
b. Managerial meetings
c. newspaper highlights
d. consumers

2. A.   What is business economics? Explain its scope.   08
   B.   Explain the concept of opportunity cost.   07
                              OR
   C.   Explain the concepts of functions and equations.   08
   D.   Explain the nature of demand curve under monopoly.   07

3. Explain the survey method of demand forecasting   15

<div align="center">OR</div>

C. What are the types of price elasticity?   08
D. Explain demand function.   07

4. Discuss the long run production function   15

<div align="center">OR</div>

C. Explain Expansion Path   08
D. TC= TFC+ TVC, explain diagrammatically.   07

5 A. Explain cost plus pricing method.   08
B. Given, Fixed cost of DLLE Analytical is Rs 5000,
    Price per unit is Rs 20,
    Variable cost per unit is Rs 10.
    Calculate its break even sales in units.   07

<div align="center">OR</div>

C. Write Short Notes on Any THREE.   15
1. Shift in demand curve
2. Statistical method of demand forecasting
3. Economies of scale
4. Kinky demand curve
5. Degrees of price discrimination