

FYBIM sem I Medical Exam Jan-2020

BUSINESS ECONOMICS-I

A.Y: 2019-2020

21/01/20

F.Y.BIM-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) Economics is concerned with scarcity, choice and efficiency.
- 2) Economic inefficiency is indicated if a firm operates inside the production possibility curve.
- 3) The concept of elasticity of demand does not have practical applications.
- 4) A good demand forecasting method should be flexible, simple and accurate.
- 5) Demand forecasts are essential to plan future production.
- 6) Factors of production are perfect substitutes for each other.
- 7) An isoquant represents various combinations of two inputs giving the same level of output.
- 8) Size of the market limits division of labour.
- 9) Economies of scale and economies of scope are one and the same.
- 10) Economic cost refers to the total cost of production incurred by a firm for producing a commodity.

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

(07)

GROUP 'A'	GROUP 'B'
1) Market mechanism	a) Basis of pricing a product
2) National level demand forecasting	b) Monopolistic Competition
3) Labour	c) Prof. Chamberlin

4) Money Cost	d) No free entry and exit
5) TC	e) Ideal market structure
6) Perfect Competition	f) $TVC+TFC$
7) Monopoly	g) Cost incurred in terms of money
8) Concept of group	h) Variable factor
9) Advertising	i) Estimation of demand at macro level
10) Cost of production	j) Influences production of goods and services.

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

(2) (b) Explain the different types of cross elasticity of demand. (7)

OR

(2) (c) The demand equation for apple is given as $Q_A = 200 - 10P_A$ and the price of apple is given in below table: (8)

Price of apple (Rs)	Quantity of demand (Kg)
3	
5	
7	
9	

Answer the following questions:

(1) Calculate quantity of demand for apple 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. 5 to Rs. 7

(2) (d) Explain in detail the significance of demand forecasting. (7)

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

(3) (b) Outline Law of returns to scale with the help of suitable diagrams. (7)



OR

(3) (c) The total fixed cost incurred by a firm is Rs. 1000. Calculate TC, AC and VC from the following data: (8)

Units of output	1	2	3	4	5	6	7	8
MC	100	200	300	400	500	600	700	800

(3) (d) Explain in detail break-even analysis. (7)

(4) (a) Explain in detail the features of monopolistic 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) “Advertising expenditure is an important component of selling cost under monopolistic competition. (8)

(4) (d) Explain the kinked demand curve hypothesis in an oligopoly market. (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) Marginal cost pricing

2) Opportunity Cost

3) Labour supply

4) Types of income elasticity

5) Expert opinion method