

BUSINESS ECONOMICS-I

A.Y: 2019-2020

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) Business economics is said to be both positive and normative.
- 2) Severe competition prevails among the few firms under oligopoly.
- 3) In the long run monopoly all factors are variable.
- 4) Linear function implies that the prices remain constant.
- 5) The learning curve concept was developed by economist Arrow.
- 6) Marginal cost refers to the cost incurred in producing an additional unit of the output.
- 7) The Delphi method use time series data.
- 8) Price discrimination is always possible and profitable.
- 9) Pricing of product should cover cost alone.
- 10) The firms under oligopoly are homogeneous.

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

(07)

GROUP 'A'	GROUP 'B'
1) Demand	a) $P \times Q$
2) Advertisement	b) Paul Sweezy
3) Q_x	c) Monopoly
4) PPC	d) Seller is willing to sell

5) Equations	e) Demand for final goods and services
6) Direct demand	f) Linear or quadratic
7) Supply	g) Prof. Samuelson
8) Market structure	h) Quantity if x Commodity
9) Kinked demand	i) Has a significant impact on consumption
10) TR	j) Inversely related to price

(2) (a) Define Business economics and explain its scope. (8)

(2) (b) Explain the three methods of calculating 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) Mention the factors that determine the demand. (7)

(3) (a) Define production function and explain its types. (8)

(3) (b) Outline Law of variable proportions with 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 equilibrium of a firm under monopolistic competition with help of suitable diagrams. (8)

(4) (b) Explain the features of perfect competition in detail. (7)

OR

(4) (c) "Advertising expenditure is an important component of selling cost under monopolistic competition. (8)

(4) (d) Write a note on cartel formation with suitable diagram. (7)

(5) (a) Define price discrimination and explain its various types. (8)

(5)(b) What are the various pricing policy objectives? (7)

OR

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

- 1) Features of production function
- 2) Technical economies
- 3) Learning curve
- 4) Equilibrium price determination
- 5) Incremental & Marginal Concept