

BUSINESS ECONOMICS – SEMESTER I

15.11.22



Time: 2 1/2 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. A straight line demand curve implies linear demand function.
2. The demand curve for a perfectly competitive firm is horizontal.
3. Economies of scale reduces cost of production.
4. If good is normal then the demand curve for that good will be positive.
5. Price elasticity at a given price is not affected by income.
6. The market demand curve slopes downwards.
7. Fixed cost is regarded as variable cost.
8. Collusive oligopoly leads to price leadership.
9. Selling cost is feature of monopoly.
10. Mark up pricing is effective in determining the supply.

B. Choose the correct answers (Any SEVEN)

07

1. The effect of a decrease in cost while production remaining constant is likely to be represented by which of the following?
 - a. downward shift demand curve
 - b. upward shift demand curve
 - c. leftward shift demand curve
 - d. rightward shift demand curve
2. As the price of commodity falls it becomes relatively cheaper than other alternatives this is known as
 - a. substitution effect
 - b. price effect
 - c. income effect
 - d. snob effect
3. The law of demand is illustrated by a demand curve that is
 - a. horizontal
 - b. vertical
 - c. upward sloping
 - d. downward sloping

4. 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

5. _____ revenue is total sale of certain amount of commodity at a given time.

- a. total
- b. marginal
- c. incremental
- d. average

6. Which of the following methods are often used to make short-term forecasts when quantitative data are not available?

- a. Consumer surveys
- b. Regression analysis
- c. Trend method
- d. Moving averages

7. Average revenue is equal to the _____ per unit of output

- a. marginal Revenue
- b. price
- c. incremental income
- d. cost

8. The expansion path identifies

- a. cost combination inputs required produced various level of output
- b. the firms demand curves for the inputs
- c. the firms supply curves for the inputs
- d. the firms average cost curves for the inputs

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. Explain opportunity cost with illustration. 08
B. Explain the concept of functions and equations 07

OR

- C. Explain the concepts of market equilibrium. 08
D. Explain the causes of monopoly power. 07

3. A. Explain the survey method of demand forecasting 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 breakeven sales in units. 07

OR

- C. Discuss the income elasticity of demand. 08
D. Explain demand curve under oligopoly. 07
4. $TC = TFC + TVC$, explain diagrammatically. 15

OR

- C. Explain long run average cost curve. 08
D. Debate on the advantages and disadvantages of advertising. 07
5. Explain the degrees of price discrimination. 15

OR

5. Write Short Notes on Any THREE. 15

1. Significance of Macroeconomics
2. Promotional elasticity of demand
3. Features of monopolistic competition
4. Learning curve
5. Types of price leadership