

FYBAF sem I Reg & A.T.K.T. Exam Oct-2019.
19/10/19.

BUSINESS ECONOMICS-I

A.Y: 2019-2020

F.Y.BAF-SEMI 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) Scarcity is the root cause of an economic problem.
- 2) An exogenous variable is within an economic model.
- 3) When demand is perfectly elastic, the demand curve will be a vertical straight line.
- 4) The cross elasticity of demand between unrelated goods is zero.
- 5) Choice of method is an important factor in demand forecasting.
- 6) Under Delphi technique, the opinions of sales force are obtained to forecast demand.
- 7) Production function is a stock concept.
- 8) Isoquants do not intersect each other.
- 9) The size of a firm is limited by diseconomies of scale.
- 10) Economies of scope is derived when firm concentrates on a single product.

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

(07)

GROUP 'A'	GROUP 'B'
1) Localisation economies	a) Convex to origin
2) Unwieldy organisation	b) Determined by government
3) Industry	c) Third degree price discrimination
4) Supernormal profits	d) Complementary

5) Oligopoly	e) Prof. Paul Sweezy
6) Kinked demand curve	f) High barriers to entry
7) Different price in different markets	g) Supernormal profits
8) Administered pricing	h) Price maker
9) Marginal cost pricing	i) Diseconomies of scale
10) Isoquants	j) External economies

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

(2) (b) Define Business Economics and states its scope. (7)

OR

(2) (c) The demand equation for sugar is given as $Q_{ds} = 200 - 5p_s$ and the price of sugar is given in below table: (8)

Price of sugar (Rs)	Quantity of demand (Kg)
5	
10	
15	
20	

Answer the following questions:

(1) Calculate quantity of demand for sugar 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. 10 to Rs. 15

(2) (d) Mention and explain the types of demand forecasting. (7)

(3) (a) Explain the properties of Isoquants. (8)

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

OR

(3) (c) Given TFC as Rs. 145/- calculate TC, ATC, AVC and MC from the following data:(8)

Units	1	2	3	4	5	6
TVC	30	55	75	105	155	225



(3) (d) Explain briefly the concept of international economies of scale and its effects on international trade. (7)

(4) (a) Explain the features of Monopolistic competition. (8)

(4) (b) Explain short run equilibrium of the firm under perfect competition with the help of suitable diagrams. (7)

OR

(4) (c) Explain the kinked demand curve hypothesis in an oligopoly market. (8)

(4) (d) Write a note on price leadership with diagram. (7)

(5) (a) Explain various degrees of price discrimination. (8)

(5) (b) Mention the objectives of pricing policy. (7)

OR

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

1) Full cost pricing

2) Learning curve

3) Historical cost & replacement cost

4) Labour economies

5) Total outlay method