

FYBBI sem I Reg. Exam Dec-2018
Paper/subject code: 81310/Business Economics-I

10/12/2018

(2 ½ Hours)

[Total Marks: 75]



- N.B : (1) All questions are compulsory.
(2) **Figures** to the right indicate **full marks**.
(3) Draw **neat diagram** wherever necessary.

1. (A) State whether following statements are true or false. (Any Eight)

8

- (1) An equation is true only for a specific value.
- (2) A variable is an identity whose quantity can change over a specified time period.
- (3) Demand curve always slopes upward.
- (4) Geometric method measures the elasticity of demand at a point on the demand curve.
- (5) The concept of iso-quants is used to explain the expansion path.
- (6) Economies of scale help to reduce the cost of production.
- (7) A monopoly firm and industry are identical.
- (8) A firm under perfect competition incurs heavy selling cost.
- (9) Under marginal cost pricing, prices are determined on the basis of fixed cost only.
- (10) Today firms produce a variety of products rather than a single product.

(b) Match the following (Any seven)

7

Group 'A'		Group 'B'	
1.	Slope	a.	$Q = f(p)$
2.	Graphs	b.	P X Q
3.	Demand function	c.	Next best alternative use
4.	TR	d.	Few sellers
5.	Law of returns to scale	e.	Refers to change in one variable due to change in other variable
6.	Opportunity cost	f.	OPEC
7.	Oligopoly	g.	Monopoly
8.	Cartel	h.	Cost incurred in producing an additional units of output
9.	Discriminating pricing	i.	long-run production
10.	Marginal cost	j.	show the pictorial presentation and the relationship between two variables

2. (A) Explain the nature of demand curve under perfect competition.
(B) Discuss the types of cross elasticity of demand.

8

7

OR



(C) The demand schedule for an industry in a purely competitive market is given as follows –

$$Q = 500 - 3P$$

The short-run supply schedule of the industry is as follows-

$$Q = -3 + 8P$$

Questions-

1. What is the equilibrium price and quantity in the market? 4
2. What is the total expenditure incurred by the consumers? 2
3. Calculate the total revenue of the firms. 2

(D) Discuss the survey method of demand forecasting. 8

3. (A) Explain the law of diminishing marginal returns with the help of an illustration and suitable diagram. 8

(B) Discuss the types of internal economies of scale. 7

OR

(C) From the following cost function-

$$TC = 100 + 50Q + 4Q^2$$

Questions-

1. Calculate TFC, TVC, AVC, 4
2. Find out AC, ATC, and AFC if the output is 10. 4

(D) Explain with the help of diagram the concept of break-even analysis. 7

4. (A) Explain the long-run equilibrium of price and output of the industry under perfect competition. 8

(B) Discuss the equilibrium of a firm under monopolistic competition in short-run. 7

OR

(C) Discuss the various types of price leadership. 8

(D) What is price rigidity? Discuss it with the help of suitable diagram. 7

5. (A) Discuss the merits and demerits of full cost pricing. 8

(B) Explain the concept of transfer pricing without external market. 7

OR

Write short notes (Any **Three**) 15

(a) Use of marginal analysis in decision making.

(b) Types of price elasticity of demand.

(c) Ridge lines.

(d) Kinky demand curve.

(e) Types of price discrimination.
