

FYBBI sem I Reg & A.T.K.T. Exam Oct-2019.
BUSINESS ECONOMICS-I

A.Y.:2019-2020

04/10/19.

F.Y.BBI-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) Administered pricing helps to supply goods at reasonable rate to the people.
- 2) The firms under oligopoly are homogeneous.
- 3) Price rigidity is one of the important features of oligopoly.
- 4) Monopolistic competition is a combination of perfect competition and monopoly.
- 5) Demand curve of monopolist is sloping upward from left to right.
- 6) A monopolists is a price taker.
- 7) Under perfect competition AR is always equal to MR.
- 8) An increase in price will decrease the break-even point.
- 9) Learning curve indicates the relationship between decrease in output and increase in cost of production.
- 10) Isoquants normally intersect 'Y' axis.

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

(07)

GROUP 'A'	GROUP 'B'
1) Economies of scale	a) High Barriers to entry
2) Opportunity cost	b) Prof. Paul Sweezy
3) ATC	c) Mathematically Express function
4) Labour supply curve	d) Geometrical tool

5) Cheap substitutes	e) Alfred Marshal
6) Law of demand	f) Polythene bags and jute bags
7) Graphs	g) Backwards bend curve
8) Equations	h) Next best alternative
9) Oligopoly	i) TC/Q
10) Kinked demand curve	j) Scale of production

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

(2) (b) Analyse the problems of scarcity, choice & efficiency. (7)

OR

(2) (c) The demand equation for wheat is given as $Q_w = 100 - 5P_w$ and the price of wheat is given in below table: (8)

Price of wheat (Rs)	Quantity of demand (Kg)
2	
4	
6	
8	

Answer the following questions:

(1) Calculate quantity of demand for Wheat 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. 4 to Rs. 8

(2) (d) Explain demand curve under different market structures with special reference to monopoly. (7)

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



(3) (b) Outline the Law of variable proportions. (7)

OR

(3) (c) Given TFC as Rs. 150, Calculate TC, ATC, AFC & MC from the information given below: (8)

Units	1	2	3	4	5	6
TVC	35	60	80	110	160	230

(3) (d) Write and explain the types of costs. (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) Explain the degrees of price discrimination. (7)

OR

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

- 1) Function & graphical techniques
- 2) Demand function
- 3) Practical applications of elasticity of demand
- 4) Types of demand forecasting
- 5) Types of production functions