Business Economics -I
10-10-19

Time:2$\frac{1}{2}$ hours   Marks:75

Note: All questions are compulsory
Figures to the right indicate full marks
Draw diagram wherever necessary

Q1A. State whether the following statement are True or False (any 8)   8

1. Business economics is applicable to several area of business.
2. The market supply curve slopes upward to the right.
3. If elasticity of demand is infinite, marginal revenue will increase.
4. Under consumer survey method, opinion of different expert are collected.
5. Economies of scale lead to reduction in cost of production.
6. Learning effect is different from the scale of economy effect.
7. Under monopolistic competition the word 'industry' is used for collection of firms.
8. In cartel, the joint profit is distributed in proportion to its share in the market..
9. In second degree price discrimination, price varies according to quantity sold.
10. In multiple-product pricing firm produce variety of products instead of specialization of one product.

Q1B. Match the following pair (any 7)   7

1.	Functional relations	a) Test marketing
2.	Equilibrium point	b) Cost-Volume-Profit analysis
3.	Positive cross-elasticity	c) Maximise joint profit
4.	Market Experimentation	d) Denoted by letter 'f'
5.	External economies of scale	e) Advertisement expenditure
6.	Break even analysis	f) Intra-firm pricing
7.	Selling cost	g) Demand=Supply
8.	Cartel	h) Mark-up pricing
9.	Transfer pricing	i) Substitute goods
10.	Cost-plus pricing	j) Economies of information

Q2 Attempt A and B or C and D

A. Explain the nature of demand curve under monopoly and oligopoly.   8
B. Explain the steps involved in demand forecasting   7

OR

1

C. Explain the determinants of demand. Show demand function for all determinants.   8

D. The demand function for a commodity is given as Qdx = 40 - 0.1Px and the price is given in below table :   7

Price(Rs.)	Quantity demanded (kg)
100	
200	
300	
350	

1. Calculate the quantity of demand at given price.
2. With the help of above demand schedule draw demand curve
3. Calculate price elasticity of demand when price changes from Rs.200 to Rs.300

Q3. Attempt A and B or C and D

A. Explain the various stages in the law of variable proportion.   8

B. What is an iso-quant? Explain it properties using diagram.   7

OR

C. What is breakeven point? Explain how break- even point changes due to changes in prices using diagram.   8

D. Given TFC = Rs.50. Calculate TVC, MC, AFC, AVC and AC.   7

Output (units)	1	2	3	4	5	6
TC (Rs.)	75	95	120	150	185	225

Q4. Attempt A and B or C and D

A. Explain the short run equilibrium of a firm under perfect competition.   8

B. Explain the long-run equilibrium of a firm under monopoly.   7

OR

C. Explain the features of monopolistic competition.   8

D. Explain kinked demand curve in an oligopoly market.   7

Q5. Attempt A and B or Short notes

A. Discuss the merits and demerits of full-cost pricing.   8

B. Define price discrimination? Explain various forms of price discrimination.   7

OR

Write short notes (any 3):   15

1. Scope of business economies
2. Cross elasticity of demand
3. Ridge lines
4. Role of advertisement under monopolistic competition
5. Dumping