

FYBIM sem I Reg & A.T.K.T. Exam Oct-2019.
07/10/19. BUSINESS ECONOMICS-I

A.Y: 2019-2020

F.Y.BIM-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) Price discrimination is desirable if it leads to more output and greater social welfare.
- 2) Administering pricing helps to supply goods at reasonable rate to the people.
- 3) Oligopoly firms produce only homogeneous products.
- 4) Under price leadership, all the firms become leaders in rotation.
- 5) Kinky demand curve indicates price rigidity in non-collusive oligopoly.
- 6) Monopolistic competition is a combination of perfect competition and monopoly.
- 7) Under perfect competition AR is always equal to MR.
- 8) When price is less than AVC, it is called shut down point in perfect competition.
- 9) The distinction between fixed and variable cost is valid only in the long run.
- 10) In the long run a firm must cover all the cost.

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

(07)

| GROUP 'A' | GROUP 'B' |
|-----------|-------------------------------|
| 1) LAC | a) Exception to law of supply |

| | |
|-------------------------------------|---|
| 2) Learning curve | b) One commodity many uses |
| 3) Managerial economies | c) AR and MR Coincide |
| 4) Law of demand | d) Advertising expenditure |
| 5) Isoquants | e) Demand for product in future = demand for product in present |
| 6) Naïve model | f) Used to explain Producers equilibrium |
| 7) Promotional elasticity of demand | g) Alfred Marshall |
| 8) Perfect Competition | h) Internal economies |
| 9) Composite demand | i) Economist Arrow |
| 10) Labour supply curve | j) U shaped |

(2) (a) Explain the importance of Business Economics. (8)

(2) (b) Explain the Law of demand with exceptions in detail. (7)

OR

(2) (c) The demand equation for apple is given as $Q_A = 200 - 10P_A$ and the price of apple is given in below table: (8)

| Price of apple (Rs) | Quantity of demand (Kg) |
|---------------------|-------------------------|
| 3 | |
| 5 | |
| 7 | |
| 9 | |

Answer the following questions:

(1) Calculate quantity of demand for apple 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. 5 to Rs. 7

(2) (d) Explain the nature of demand curve in different markets. (7)

(3) (a) Explain briefly the concept of international economies of scale and its effects on international trade. (8)

(3) (b) Define internal economies of scale. Explain its various types. (7)

OR

(3) (c) The total fixed cost incurred by a firm is Rs. 1000. Calculate TC, AC and VC from the following data: (8)

| | | | | | | | | |
|-----------------|-----|-----|-----|-----|-----|-----|-----|-----|
| Units of output | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| MC | 100 | 200 | 300 | 400 | 500 | 600 | 700 | 800 |

(3) (d) Outline the law of variable proportions in detail. (7)

(4) (a) Explain the various models of oligopoly. (8)

(4) (b) Explain the concept of long run equilibrium of a firm in perfect competition, with the features of perfect competition market structure. (7)

OR

(4) (c) "Advertising expenditure is an important component of selling cost under monopolistic competition. (8)

(4) (d) Explain features of Monopoly market structure. (7)

(5) (a) Explain in detail degrees of price discrimination. (8)

(5)(b) What are the various pricing policy objectives? (7)

OR

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

1) Dumping

2) Opportunity cost



3) Private & Social cost

4) Labour economies

5) Time series analysis



| Year | 1985 | 1990 | 1995 | 2000 | 2005 | 2010 | 2015 |
|----------------------|------|------|------|------|------|------|------|
| Private Cost | | | | | | | |
| Social Cost | | | | | | | |
| Labour Economies | | | | | | | |
| Time Series Analysis | | | | | | | |