F.Y. BMS - SEM I - Reg - Oct' 2019

BUSINESS ECONOMICS-I

1.10.19

Time:$2^1/_2$ 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. Equation expresses two expression or variables.
2. Business economics is applicable to several area of business.
3. A monopoly firm faces a upwards sloping demand curve.
4. Statistical method is called qualitative method.
5. In long-run all factors tends to be variable.
6. The LAC curve is referred as the envelope curve.
7. Under differential cost condition, the cost curve of all firms will be the same.
8. In the long run, all the firms in the group earn super-normal profit.
9. In second degree price discrimination, price varies according to quantity sold.
10. Dumping means selling a commodity in the foreign countries at higher price.

Q1B. Match the following pair (any 7) **7**

1. Business economics	a. Complementary goods
2. Opportunity cost principle	b. Learning by doing
3. Demand function	c. Advertisement expenditure
4. Negative cross elasticity	d. marginal cost=price
5. K.J.Arrow	e. Managerial economics
6. Zero profit	f. Determined by government
7. Supernormal profit	g. Dx=f(P,Y)
8. Selling cost	h. Sacrifices involved
9. Marginal cost pricing	i. AR>AC
10. Administered pricing	j. TR=TC

Q2 Attempt A and B or C and D

A. Explain various determinants of demand. Show demand function for all determinants. **(8)**
B. Explain the survey method of demand forecasting. **(7)**

OR

C. What are the factors determining elasticity of demand. **(8)**
D. A movie theatre charged Rs.100 per ticket and sold 500 tickets per show. When the price of tickets was raised to Rs.125 the theatre was able to sell only 450 tickets. Estimate price elasticity of demand for movie tickets. According to your answer in what is the degree of price elasticity? **(7)**

Q3 Attempt A and B or C and D

A. Explain the various stages in the law of variable proportions. (8)

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

OR

C. What is an iso-quant? Explain its properties using diagrams. (8)

D. Given TFC as Rs.50. Calculate TVC, MC, AFC, AVC and AC. (7)

Q	0	1	2	3	4	5	6
TC	50	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 features of monopoly. (7)

OR

C. Explain the long run equilibrium of a firm under monopolistic competitive market. (8)

D. Explain the kinked demand curve in an oligopoly market. (7)

Q5 Attempt A and B or Short notes

A. Discuss the various forms of price discrimination. (8)

B. Discuss the merits and demerits of full cost pricing. (7)

OR

Write short notes (any 3) (15)

1. Scope of business economics
2. Geometrical method of price elasticity of demand
3. Law of return to scale
4. Perfect competition Vs Monopoly
5. Dumping