

Time: 2 ½ hrs.

Marks:75

- Note: 1. All questions are compulsory with internal options.
2. Figures to the right indicate full marks.

Q1 (A) State whether following statements are true or false. (Any eight) (08)

- (1) Isoquants normally intersect X axis.
- (2) Perfectly competitive firm is a price maker.
- (3) Economies of scale lead to reduction in cost of production.
- (4) In monopoly the firm and the industry are the same.
- (5) Passive forecasts take into account future changes.
- (6) Price expectation is an exception to the law of demand.
- (7) The demand curve has a negative slope.
- (8) Price is very flexible in oligopoly.
- (9) Long run cost is used to determine the optimum firm size.
- (10) For price discrimination product must differ in quality.

(B) Match the following. (Any seven) (07)

	Group A		Group B
(1)	Graphs	(A)	Consumers buy less as their income increases
(2)	Business economics	(B)	Kinked demand curve
(3)	Neutral goods	(C)	Geometrical tool to study functions
(4)	Monopoly	(D)	TR-TC
(5)	Inferior goods	(E)	Independent of output
(6)	Charging higher price at home and low price in the world market	(F)	Uses economic theory and quantitative techniques
(7)	Implicit cost	(G)	Single seller
(8)	Economic profits	(H)	Dumping
(9)	Fixed cost	(I)	Entrepreneur himself owns and employs in the firm
(10)	Price rigidity in oligopoly leads	(J)	Change in income does not bring change in quantity demanded

Q2 (A) Define business economics. Discuss its scope. (08)

(B) What is law of demand? Explain the assumptions to law of demand. (07)

OR

(C) With the help of suitable diagrams, explain the different degrees of price elasticity of demand. (08)

(D) What is demand forecasting? Discuss the different types of demand forecasting. (07)

Q3 (A) What are the different types of isoquants? Explain the properties of isoquants. (08)

(B) Discuss the law of returns to scale. (07)

OR

(C) Discuss in detail the various types of internal and external economies. (08)

(D) Explain the smooth envelope curve with the help of a suitable diagram. (07)

Q4 (A) What are the characteristics of perfect competition? (08)

(B) Differentiate between perfect competition and monopoly. (07)



OR

(C) What is monopolistic competition? Explain its features. (08)

(D) Discuss the characteristics of oligopoly. (07)

Q5 (A) What are the conditions for price discrimination? (08)

(B) What is transfer pricing? Explain the managerial strategies involved in transfer pricing. (07)

OR

Q5 (C) Short Notes (Any three) (15)

(1) Expansion path

(2) Cross elasticity of demand

(3) Role of advertisement

(4) Dumping

(5) Fixed proportion production function

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