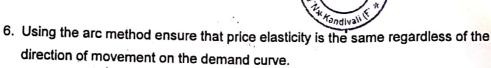BCom/REG/B.ECO./Sem-I/SET A

Time: 3hrs   Marks: 100

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

Q.1 A Fill in the blanks with appropriate option and rewrite the statement: (Any 10)   (10)

1. _____ refers to the integration of economic theory with business practice.
   a) Micro economics   b) Macro economics
   c) Business Economics   d) Demand

2. _____ refers to the next best alternative foregone or sacrificed.
   a) Inverse cost   b) Opportunity cost   c) Marginal cost   d) Factoral cost

3. The market demand schedule shows an _____between Price and Demand
   a) inverse relationship   b) real relationship
   c) consumption relationship   d) investment relationship

4. The market supply curve slopes _____to the right.
   a) upwards   b) downwards   c) vertical   d) hyperbola

5. If a good is normal, then the demand curve for that good must be _____sloping.
   a) horizontal   b) downward   c) linear   d) smooth

6. Change in the price of commodity, with no change in other determinants, results in change in_____.
   a) demand   b) business planning   c) quantity demanded   d) all

7. A straight line demand curve implies _____demand function.
   a) linear   b) ratio   c) small   d) major

8. The price elasticity of demand for a particular brand of chocolate is estimated to be - 2. If quantity demanded has increased by 10% price must have _____by 5%.
   a) increased   b) fallen   c) raw material   d) machinery

9. Dx=a-bPx is the case of ._____ demand function.
   a) same   b) different   c) linear   d) proportionate

10. An inferior good can be a _____good but a giffen good must always be an inferior good.
    a) inferior   b) linear   c) superior   d) giffen

11. Cross elasticity of demand for complementary goods is _____.
    a) negative   b) substitution effect   c) income effect   d) natural effect

12. _____are per unit values.
    a) Margin   b) Increment   c) Averages   · d) Concave

B State whether the statement is True or False. (Any 10)   (10)

1. The primary focus of business economics is economic welfare.
2. Incrementalism and marginalism are one and the same.
3. The demand curve has a negative slope.
4. Shift in the supply curve to the left will increase the equilibrium price.
5. Demand function explains the functional relationship between Price and Demand.

6. Using the arc method ensure that price elasticity is the same regardless of the direction of movement on the demand curve.

7. Unitary elasticity is represented by a demand curve that is a rectangular hyperbola.

8. Relatively inelastic demand is represented by a vertical demand curve.

9. When demand is elastic, price and total revenue move in the same direction.

10. When demand is unitary elastic, total revenue remains unchanged even as the price is changed.

11. Economics is the science of choice.

12. Microeconomics deals with the analysis of national income.

Q.2 A. Define business economics and its scope. (8)

B. Explain the concept of opportunity cost and bring out its significance in business economics. (7)

OR

C. Calculate the values of Quantity demanded (Qdx) and Quantity supplied (Qsx) , when (8) price is Rs. 25 and the equations are :

$Qdx = 50 - 10Px$

$Qsx = -10 + 10Px$

Calculate the equilibrium Px

D. Explain Total Revenue, Average Revenue and Marginal Revenue, with formulae (7)

Q3 A. Calculate the following demand function (8)

    i)   If, $Qdx = Qsx$

        $100 - 10Px = -40 + 30Px$

        Find the value of Px.

    ii)   If Px is changed to Rs. 5, find the value of Qdx and Qsx

    iii)   Out of the above calculations, which is the equilibrium price?

B. Explain the determinants of demand. (7)

OR.

C. Explain the Degrees of price elasticity of demand. (8)

D. On the basis of the information provided in the table, compute price elasticity of (7) demand, when:

i)The price falls from Rs.50/kg to Rs. 40/kg

ii) The price rises from Rs. 40/kg to Rs. 50/kg

Price Per Kg (Rs.)	20	30	40	50
Total Expenditure	20,000	15,000	8,000	5,000

Q.4 A. .Explain the types of iso-quants. (8)

B. Explain the properties of iso-quants. (7)

OR

C. Explain Internal economies of scale. (8)

D. Explain external economies of scale. (7)

Q5 A. Derive long run average cost curve with suitable diagram. (8)

B Explain the numerical formulae of Breakeven polnt. (7)

OR

C. Calculate TC, AFC, AVC, ATC and MC, when TFC Rs. 145. (8)

Output (units)	1	2	3	4	5	6
TVC (Rs.)	30	55	75	105	155	225

D. Explain Law of Variable proportion with suitable diagram (7)

Q6 A. Explain the relationship between average cost and marginal Cost. (10)

B. Critically explain the law of demand. . (10)

OR

Short Notes: (Any 4) (20)

A) Fixed and variable cost

B) Significance of demand forecasting

C) Internal diseconomies of scale

D) Marginalism

E) Total cost and total revenue

F) External diseconomies of scale

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