

Time : 3hrs

Marks : 100

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

1. The market demand schedule shows an _____ relationship between Price and Demand.
 - a) inverse
 - b) proportional
 - c) direct
 - d) indirect
2. Demand analysis and forecasting is essential for _____.
 - a) business planning
 - b) business environment
 - c) business growth
 - d) business development
3. _____ refers to the next best alternative foregone or sacrificed.
 - a) Opportunity income
 - b) Average cost
 - c) Opportunity cost
 - d) Marginal cost
4. _____ refers to a statement of equality of two expressions or economic variables.
 - a) Equations
 - b) ratio
 - c) Graph
 - d) linear
5. _____ cover topics such as cost concepts, methods of estimating cost etc.
 - a) Loss analysis
 - b) Cost analysis
 - c) Profit analysis
 - d) Income analysis
6. _____ refers to the total demand for a commodity by all buyer in the market.
 - a) Market demand
 - b) Market supply
 - c) Individual demand
 - d) Individual supply
7. Market demand curve slopes _____.
 - a) Vertical
 - b) Horizontal
 - c) Downwards
 - d) Upward
8. When the market schedule is plotted on a graph we get a market _____ curve.
 - a) supply
 - b) phillips
 - c) demand
 - d) simple
9. The _____ is determined by the interaction of market demand and supply.
 - a) factor price
 - b) commodity price
 - c) market price
 - d) all of the above
10. _____ refers to the integration of economic theory with business practice.
 - a) Micro economics
 - b) Macro economics
 - c) Industrial economics
 - d) Business economics
11. With an increase in supply, demand remaining unchanged, the equilibrium price _____.
 - a) rise
 - b) remain constant
 - c) expand
 - d) falls
12. _____ are per unit values.
 - a) cost
 - b) average
 - c) revenue
 - d) price

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

(10)

1. Economics is the science of choice.
2. The primary focus of business economics is economic welfare.
3. Opportunity cost can always be measured in terms of money.
4. Incrementalism and marginalism are one and the same.

5. An exogenous variable is within an economic model.
6. Demand and price are inversely related.
7. The demand curve has a negative slope.
8. In case of a reduction in the cost of production the supply curve will shift to the right.
9. When there is shortage in the market, price has a tendency to rise.
10. The market demand schedule shows a direct relationship between price and quantity demanded.
11. Supply and price are inversely related.
12. Shift in the supply curve to the left will increase the equilibrium price.

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

B) Calculate the values of Q_{dx} and Q_{sx} , when price is 100 and the equations are : (7)

$$Q_{dx} = 120 - 20 P_x$$

$$Q_{sx} = -50 + 20 P_x$$

Calculate the equilibrium P_x .

OR

C) Explain the concept of opportunity cost and bring out its significance in business economics. (8)

D) Calculate total revenue, average revenue and marginal revenue (7)

Price	5	4	3	2	1
Qty	100	80	60	40	20

Q.3. A) Calculate the demand function: (8)

i. If, $Q_{dx} = Q_{sx}$

$$100 - 10 (P_x) = -40 + 30 (P_x)$$

Find the value of P_x .

ii. If P_x is changed to ₹10, Find the value of Q_{dx} & Q_{sx} .

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

B) Explain the factors affecting law of demand. (7)

OR

C) Illustrate the various degrees of price elasticity of demand. (8)

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

I. The price falls from ₹50/kg to ₹40/kg.

II. The price rises from ₹30/kg to ₹50/kg.

Price Per Kg (₹)	20	30	40	50
Total Expenditure	60,000	45,000	18,000	15,000

Q.4. A) Explain the types of isoquants. (8)

B) Explain the internal economies of scale. (7)

OR

C) Define the properties of isoquants with a suitable diagram. (8)

D) Explain the external economies of scale. (7)

Q.5. A) Explain the long run average cost curve with suitable diagram. (8)

B) Explain break-even point and its disadvantages. (7)

OR

C) Calculate TC, AFC, AVC, ATC, & MC when TFC is ₹150 (8)

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

D) Define Law of Variable Proportion with suitable diagram. (7)

Q6) A) Explain the Laws of returns to scale with suitable diagram. (10)

B) Critically explain Marshall's Law of demand with suitable diagram. (10)

OR

Short notes : (Any 4) (20)

- Significance of demand forecasting.
- Tools of business economics.
- Internal diseconomies of scale.
- Limitation of break-even point.
- Fixed and variable cost.
- Meaning of total cost and total revenue