Note : 1) All Questions are compulsory.
      2) Figures to the right indicate Full marks.
      3) Draw neat diagrams wherever necessary.
      4) Use only simple calculator.

**Q.1 a)** State whether the following statements are True or False. (Any Eight)    **08 M**
1) An equation is true only for a specific value.
2) A variable is an identity whose quantity can change over specified time period.
3) Demand curve always slopes upward.
4) Geometric method measures the elasticity of demand at a point on the demand curve.
5) The concept of iso-quants is used to explain the expansion path.
6) Economies of scale help to reduce the cost of production.
7) A monopoly firm and industry are identical.
8) A firm under perfect competition incurs heavy selling cost.
9) Under marginal cost pricing, prices are determined on the basis of fixed cost only.
10) Today firms produce a variety of product rather than a single product.

**b)** Match the following. (Any Seven)    **07 M**

| Group 'A' | GROUP 'B' |
|---|---|
| 1. Graphs | a. Positive sloped demand curve |
| 2. Business Economics | b. ED<1 |
| 3. Inferior Goods | c. Declines as production increases |
| 4. Relatively elastic demand | d. Accounting cost |
| 5. Negative Marginal return | e. Relative abundance of variables. |
| 6. Explicit cost | f. Geometrical tool to study functions |
| 7. MC = AC | g. Third degree price discrimination |
| 8. Break event point | i. TR = TC |
| 9. Oligopoly | j. Application of economic theory |
| 10. Different price in different market | k. EP>1 |
| | l. First degree price discrimination |

**Q.2.**
a) Explain the nature of demand curve in different markets.    **07 M**
b) What is demand forecasting? Explain the survey method of demand forecasting.    **08 M**

**OR**

c) What is an Iso-quant? Explain its properties using diagrams.    **07 M**
d) The demand schedule for an industry in a purely competitive market is given as follows -    **08 M**
    $Q = 500 - 3P$
The short-run supply schedule of the industry is a follows :-
    $Q = -3 + 8P$
Questions : 1. What is the equilibrium price and quantity in the market.
            2. What is the total expenditure incurred by the consumer?
            3. Calculate the total revenue of the firm.

**Q.3.**
a) Explain the law of returns to scale in detail.    **07 M**
b) Discuss the types of external economies of scale.    **08 M**
**OR**

c) The total fixed cost incurred by a firm is Rs.1000/-, calculate TC, AC, AFC, **08 M**
TVC and AVC from the following data.

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

d) Explain with the help of diagram the concept of break-even analysis.    **07 M**

## Q.4.
a) Explain the short-run equilibrium of price and output of the industry under   **08 M**
monopolistic competition.
b) Discuss the wastes of monopolistic competition.    **07 M**

### OR

c) Discuss the various types of price leadership.    **08 M**
d) Explain the concept of transfer pricing without external market.    **07 M**

## Q.5.
a) What is price rigidity? Discuss it with the help of suitable diagram.    **08 M**
b) Discuss the merits and demerits of full cost pricing.    **07 M**

### OR

**Q.5. Write short notes on (Any Three) :**    **15 M**
1. Expansion Path
2. Ridge Lines
3. Kinky demand curve
4. Income elasticity of demand
5. Business Economics

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