Bus Eco - I/ 95

[Time: $2\frac{1}{2}$ Hours]   [Marks:75]

Please check whether you have got the right question paper.

N.B: 1. All questions are Copmpulsory.
       2. Figures to the right indicate full marks.
       3. Draw diagrams wherever necessary.

Q. 1 a) State whether the following statements are True or False. (Any Eight)   (08)
    1. Opportunity costs arise because resources are unlimited.
    2. An exogenous variable is within an economic model.
    3. Income elasticity of demand for normal goods is negative.
    4. The Delphi method uses time series data.
    5. Average cost increase due to increasing return to scale.
    6. An increase in price will decrease the break-even point.
    7. Product sold in monopolistic competition is differentiated.
    8. A Kinked demand curve indicates price rigidity in non-collusive oligopoly.
    9. Transfer pricing is regulated by the government.
    10. Price discrimination is not profitable if elasticity of demand is the same in different market.

b) Match the following (Any Seven)   (07)

Group 'A'	Group 'B'
1. Extension of demand	a) Demand forecasting for intermediate product
2. Macro economics	b) Equal product curve
3. Promotional elasticity	c) Large number of buyers & sellers
4. End-use method	d) International price discrimination
5. Isoquant	e) When price of product falls
6. Fixed cost	f) High price in initial stage
7. Perfect competition	g) OPEC
8. Cartel formation	h) The analysis of national income
9. Dumping	i) Overhead costs
10. Skimming pricing	j) Selling cost
	k) Advertisement outlay
	l) Learning curve

Q. 2 A) Explain the nature of demand curve in different markets.   (08)
     B) What is demand forecasting? Explain the survey method of demand forecasting.   (07)

                                        OR

     C) The demand equation for Sugar is given as $Q_{ds} = 200-5P_s$ and the price of sugar is given in below table   (08)

Price of Sugar (Rs)	Quantity of demand (Kg)
5	
10	
15	
20	

1

Answer the following questions:

1. Calculate quantity of demand for sugar at given prices. (03)
2. With the help of above demand schedule draw a demand curve. (02)
3. Calculate price elasticity of demand when price changes from Rs 10 to Rs 15. (03)

D) Explain the geometrical measurement of price elasticity of demand. (07)

Q. 3 A) Explain the causes for the various stages in the law of variable proportions. (08)
B) "The LAC envelopes a number of short run average cost curves" Discuss (07)

OR

C) Given TFC as Rs 145, calculate TC, ATC, AVC, and MC from the following data. (08)

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

D) What is break-even point? Explain the limitations of break-even analysis. (07)

Q. 4 A) What is monopoly? What are its features? (08)
B) Explain the kinked demand curve hypothesis in an oligopoly market. (07)

OR

C) Explain the role of advertisement under monopolistic competition. (08)
D) Explain the short run equilibrium of a firm under the perfect competition with the help of suitable diagrams. (07)

Q. 5 A) Distinguish between marginal cost pricing & full cost pricing. (08)
B) What is price discrimination? Explain the different degrees of price discrimination. (07)

OR

Q. 5 Write short notes on (Any Three) (15)
1) Scope of Business economics
2) Types of demand forecasting
3) Producer's equilibrium
4) Features of oligopoly
5) Dumping

****