

Q.P. Code : 20317

[Time: 2:30 Hours]

[Marks:75]

Please check whether you have got the right question paper.

- N.B:
1. All Questions are Compulsory.
 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 8) (08)

1. Macro economics deals with the analysis of NI.
2. Opportunity cost arises because resources are limited.
3. Cross elasticity of demand for substitutes is positive.
4. Demand forecasts are essential to plan future production.
5. Two iso- quants never intersects each other.
6. External economies may occur due to division of labour.
7. In the short run, the firm has to only incur variable costs.
8. A monopolists is a price taker.
9. Price discrimination is always possible and profitable.
10. Pricing of product should cover cost alone.

Q.1 b) Match the following : (Any 7) (07)

Group 'A'	Group 'B'
1) Incrementalism	a) Relatively elastic
2) Graph	b) Negative slope
3) $E_p > 1$	c) Few sellers
4) Normal goods	d) Measures larger change
5) Isoquant curve	e) Third degree price discrimination,
6) Internal economies of scale	f) Geometrical tools to study functions
7) Oligopoly	g) Positive income effect
8) Legal protection	h) Labour efficiency
9) Marginal cost pricing	i) Source of monopoly
10) Different prices in different markets	j) Public sector enterprises

Q.2 a) Define 'Demand' concept. Highlight various determinants of demand. Show demand function for all determinants. (08)

b) Define 'Demand forecasting'. State and explain steps involved in demand forecasting. (07)

OR

Q.2 c) Define 'price elasticity of demand' concept. Discuss factors affecting price elasticity of demand. (08)

d) Calculate the price elasticity of demand with the help of following information

i) If price falls from Rs. 110 to Rs. 100 and consequently demand increases from 200 units to 280 units. (04)

ii) If there is no change in the quantity demanded of commodity X, what will be the nature or the price elasticity of demand? (03)

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- Q.3 a) Outline Law of returns to scale with the help of suitable diagrams. (08)
 b) Define cost of production. Discuss following costs in detail. (07)
 i) Money cost ii) Opportunity cost

OR

- Q.3 c) Given Total Fixed cost (TFC) as Rs. 100. With the help of following information Calculate- (08)
 i) Total Cost (TC)
 ii) Average Fixed Cost (AFC)
 iii) Average Variable Cost (AVC)
 iv) Marginal Cost (MC)

Output (Units)	0	1	2	3	4	5	6
Total Variable Cost (in Rs.)	0	20	25	40	50	80	120

- d) Explain in detail derivation of Long Run Average Cost Curve (LAC) with the help of Short Run Average Cost Curves (SACs). (07)

- Q.4 a) Explain the short run equilibrium of a firm under monopoly. (08)
 b) Discuss the characteristics of monopolistic competition. (07)

OR

- c) Explain the equilibrium of price and output under oligopoly market. (08)
 d) "Advertisement as an important instrument to promote the goods and services" Comment. (07)

- Q.5 a) Explain difference between multiple product pricing and transfer pricing. (08)
 b) State and explain the meaning and conditions for price discrimination. (07)

OR

Write short note on (Any 3) (15)

1. Importance of business economics.
2. Income elasticity of demand.
3. Short run and long run production function.
4. International price discrimination.
5. Features of oligopoly.
