FYBBI (2)

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Time: 2½ 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 neat diagrams wherever necessary.

Q1. State whether the following statements are true or false. (Any Eight)   (8)
1. An equation specifies the relationship between the dependent and independent variables.
2. Price always has a tendency to move away from equilibrium.
3. Income elasticity of demand for normal goods is negative.
4. Demand forecasting is not necessary for inventory planning.
5. There is no difference between economic and accounting costs.
6. Two isoquants never intersect each other.
7. The long-run average cost curve(LAC) is also referred to as the 'Envelope curve'
8. Product sold in monopolistic competition is differentiated.
9. Price rigidity in oligopoly leads kinked demand curve.
10. Price discrimination is profitable if elasticity of demand is same in different market.

B) Match the following statements:(Any Seven)   (7)

Group 'A'	Group 'B'
1) Business economics	a) Large number of buyers and sellers
2) Incrementalism	b) Different prices in different markets
3) Demand for petroleum products	c) $Q_{dx} = f(P_x)$
4) Demand function	d) Measures larger change
5) Trend Analysis	e) Scale line
6) Expansion path	f) Application of economic theory to business management
7) Short run production function	g) Firms compete with each other
8) Third degree price discrimination	h) Method of demand forecasting
9) Perfect competition	i) Law of variable proportion
10) Non collusive oligopoly	j) Relatively price inelastic

Q2 A) Explain the point method of measuring price elasticity of demand.   (8)

B) Define demand forecasting .Discuss the significance of demand forecasting.   (7)

OR

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C) The demand function for commodity X is given as $Qx=1000-20Px$ **(8)**

    (i) Work out the quantity demanded for price at Rs 5, 10, 20 and 25 and derive the demand schedule.

    (ii) With the help of above demand schedule draw the demand curve.

    (iii) Calculate the price elasticity of demand when price changes from Rs 10 to Rs 20.

D) "Elasticity of demand has important application in economics and business". Justify the statement. **(7)**

Q3 A) How external economies are different from internal economies of scale? Explain the various types of external economies of scale. **(8)**

B) Outline the law of returns to scale with the help of isoquant curves. **(7)**

OR

Q3 C) The total cost schedule of a firm is given below. **(8)**

Units of output	0	1	2	3	4	5	6
Total Cost(TC) (Rs)	150	300	420	600	790	1000	1260

Given the Total fixed cost (TFC) as Rs 150.From the following information, calculate:
(i) Average fixed cost of producing 4 units.
(ii) Average variable cost of producing 5 units
(iii) Total variable cost of producing 6 units
(iv) Marginal cost of producing the 3rd unit

D) What is break -even analysis? Discuss in detail the business application of break-even analysis. **(7)**

Q4 A) Explain the short run equilibrium of a firm under monopolistic competition form of market structure. **(8)**

(08)

B) How perfect competition form of market structure is different from monopoly market? **(7)**

OR

C) Explain different types of price leadership in oligopolist market situation? **(8)**

D) Explain the long run equilibrium of a firm under monopoly. **(7)**

Q.5 A) Explain the conditions for price discrimination. (8)

B) Define transfer pricing. What are the managerial strategies involved in transfer pricing? (7)

OR

Q5. Write short notes on (Any three) (15)

1) Scope of business economics.
2) Consumer survey method of demand estimation.
3) Explicit cost and Implicit cost.
4) Role of advertising under monopolistic competition.
5) Dumping.

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