N.B. (1) All questions are compulsory
    (2) Draw neat diagrams wherever necessary
    (3) Use of simple calculator is permitted
    (4) figures to the right indicate full marks

Q 1. (A) Select the best answer from the given options and rewrite the statement. (Any Ten)   1(

  i)   The market supply schedule shows.............relationship between price and quantity
      supplied.
        a) Inverse   b) direct
        c) No   d) Inverse and direct

  ii)   In case of normal goods, demand curve is.....................'
        a) Upward sloping   b) downward sloping
        c) Vertical straight line   d) horizontal straight line

  iii) When a firm experiences economics of scale............
        a) The long run average cost curve slopes downward   b) The long run average
           cost curve is vertical c) The long run average cost curve slopes upward   d) The
           long run average cost curve is horizontal

  iv) An economist would argue that accountants tend to.................
        a) Understate costs and overstate profits   b) Understate costs and understate
           profits
        c) Overstate costs and understate profits   d) Overstate costs and overstate profi

  v) The shutdown and break-even points are.............
        a) Same   b) Different   c) Irrelevant   d) Equal

  vi) Replacement cost is incurred to ....
        a) Replace the workers   b) Replace the material
        c) Replace the capital   d) Replace the output

  vii) The.................method uses time series data.
        a) trend   b) end use   c) sample survey   d) Delphi

  viii) Cross elasticity of demand for complementary goods is...............
        a) one   b) positive   c) zero   d) negative

  ix) The income effect of a price change.................
        a) is always positive   b) is always negative c) may be positive or negative d) is
           caused by changes in consumer tastes

  x) If an iso-quant is linear and touches both axis, it indicates.................
        a) zero substitutability of factors   b) perfect substitutability of factors
        c) continuous substitutability of factors   d) limited substitutability of factors

  xi) When TP is maximum, MP is ....
        a) negative b) zero   c) maximum   d) constant

xii) Which of the following is not due to external economies of scale?

    a) Growth of technical know-how   b) Managerial division of functions

    c) Growth of subsidiary industries   d) Development of information services

(B). Write whether the following statements are true or false (Any Ten)   10

i) At break-even point, price is equal to average variable cost

ii) In the long run, the firm faces no fixed costs.

iii) Fixed cost are independent of output.

iv) Pecuniary economies are associated with reduction in the physical quantity of inputs

v) The laws of returns to scale explain production in the long run.

vi) Production function may change with technological changes.

vii) Knowledge of economic theory is not necessary to forecast demand through the regression method.

viii) Agricultural pricing policy determination is based on price and income elasticity of demand

ix) Price expectations are an exception to the Law of Demand.

x) Change in a non-price determinant of demand is shown by movements along the demand curve

xi) Economics is the science of choices.

xii) LAC depicts the lowest possible AC for producing various levels of output.

Q 2. Attempt A and B OR C and D

A) Define demand and state the main determinants of demand.   08

B) What is business economics? Discuss its scope.   07

OR

A) Explain individual and market supply   08

B) Find TR and MR of the following;   07

Quantity (Q)	1	2	3	4
Price (P)	10	9	8	7

Q 3. Attempt A and B OR C and D

A) Explain assumptions of demand.   08

B) Explain the exceptions to the law of demand.   07

OR

A) Explain sample survey method of demand forecasting.   08

B) What are the factors affecting price elasticity of demand   07

Q 4. Attempt A and B OR C and D

A) Explain different types of iso-quant.   08

B) What are the different types internal diseconomies of scale.   07

OR

A) What are the different properties of iso-quant?   08

B) Explain external diseconomies of scale.   07

Q 5. Attempt A and B OR C and D

A) What is learning curve? Explain with a diagram.   08

B) Distinguish between long run and short run costs.   07

<center>OR</center>

A) Explain assumptions of breakeven point.   07

(B) Given TFC as 55 and the following data, calculate TVC, MV, AFC, AVC and AC   08

Q	1	2	3	4	5
TC	75	90	110	135	170

Q 6. Attempt A and B OR Write short notes on any four:

(A) Define income elasticity of demand. Explain the degrees of income elasticity of demand using examples.   10

(B) Explain different types of price elasticity of demand.   10

<center>OR</center>

Write short notes on: (any 4)   20

i)   Fixed and Variable cost
ii)   Limitations of breakeven point
iii)   Sunk cost and incremental cost
iv)   Relationship between economic concept and business economics
v)   Changes in demand
vi)   Price, Income and Substitution effect.