14/3/24 ATKT

FYBcom - Business Eco. (55)

Duration: 3 Hours Total Marks: 100

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) (CO1,CO2,CO3,U,R,AP) **10**

i) Expert opinion is a .... (survey method, statistical method, analytical method)

ii) Cross elasticity of demand for complementary goods is ....(positive, negative, neutral)

iii) When a 1% change in price leads to more than 1 % change in quantity demanded we say demand is ....(Relatively inelastic, Perfectly elastic, Relatively elastic)

iv) If an iso-quant is linear and touches both axis, it indicates ....(perfect substitutability of factors, ridge line, least cost combination)

v) When TP is maximum, MP is ....(positive, zero, negative)

vi) An economist would argue that accountants tend to...................... (Understate costs and overstate, overstate, understate)

vii) The shutdown and break-even points are ....(same, same and different, different)

viii) Opportunity cost is Value of the ....(cost of production, best sacrificed alternative , selling cost)

ix) In case of normal goods, demand curve is................(upward sloping, horizontal, downward sloping)

x) The market supply schedule shows.............. relationship between price and quantity supplied.(direct, indirect, zero)

xi) When TP is maximum, MP is..............(zero,positive, negative)

xii) The supply curves illustares how..................(quantity supplied decreases as price increases, quantity supplied increases as price decreases, quantity supplied increases as price increases)

(B). Write whether the following statements are true or false (Any Ten) (CO1,CO2,CO3,U,R,AP) **10**

1. The laws of returns to scale explain production in the long run.
2. Production function may change with technological changes.
3. Knowledge of economic theory is not necessary to forecast demand through the regression method.
4. Implicit cost are measured as opportunity cost
5. Change in a non-price determinant of demand is shown by movements along the demand curve
6. Economics is the science of choices.
7. LAC depicts the lowest possible AC for producing various levels of output.
8. Learning curve expresses the decline in average cost due to better experience
9. Price expectations is an exception to the Law of Demand.
10. At break-even point, price is equal to average variable cost
11. In the long run, the firm faces no fixed costs.
12. Fixed cost are independent of output.

Q 2. Attempt A and B OR C and D **15**

A) What is business economics? Discuss its scope. (CO1,U,R) 8

B) Explain individual supply (CO1,CO2,U,R,AP) 7

OR

A) What is market demand. (CO2,CO3,U,R,AP)

B) Find TR and MR of the following; (CO1,CO2, AN,E)

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

Q 3. Attempt A and B OR C and D **15**

A) Explain assumptions of demand. (CO1,U,R) 8

B) Explain different types of price elasticity of demand (CO1,CO2,U,R,AP) 7

OR

A) Explain sample survey method of demand forecasting.(CO2,CO3,U,R,AN) 8

B) What are the factors affecting price elasticity of demand (CO2,U,R,AN) 7

Q 4. Attempt A and B OR C and D **15**

A) Explain different types of iso-quant. (CO3,AN,E) 8

B) What are the different types internal diseconomies of scale. (CO2,CO3,E) 7

OR

A) What are the different properties of iso-quant. (CO2,AN,E)

B) Explain external diseconomies of scale. (CO2,AN,AP)

Q 5. Attempt A and B OR C and D **15**

A. Explain assumptions of breakeven point.(CO2,AN,E) 8

B. Limitations of breakeven point (CO1,CO2,AN,E) 7

OR

A. Sunk cost and incremental cost (CO2,AP) 8

B. Implicit and explicit cost (CO2,CO3,AP) 7

Q 6. Attempt A and B OR Write short notes on any four: **20**

A) Explain individual demand (CO1,CO2,U,R)

B) Given TFC as 55 and the following data, calculate TVC, MV, AFC, AVC and AC (CO1,CO2,AN)

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

OR

Write short notes on: (any 4) (CO1,CO2,U,R,AP) **20**

1. Market demand
2. Exception of demand
3. Methods of measuring price elasiticity of demand.
4. Importance of economics
5. Changes in equilibrium market
6. Importance of demand forecasting

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