

- Note :** 1) All Questions are compulsory.  
 2) Draw neat diagrams wherever necessary.  
 3) Use of simple calculator is permitted.  
 4) Figures to right indicate full marks.

**Q.1. A. State whether the following statements are true or false (Any Ten) (10)**

- 1) Opportunity cost arise because resources are unlimited.
- 2) The demand curve has a negative slope.
- 3) Goods can be classified on the basis of the direction of income effect.
- 4) Cross elasticity of demand for substitutes is positive.
- 5) Regression method forecasts demand accurately.
- 6) An iso-quant has a negative slope.
- 7) The law of returns to scale explain production in the long run.
- 8) In the Short run, the firm has to only incur variable cost.
- 9) Long run cost is used to determine the optimum firm size.
- 10) An increase in price will decrease the break-even point.
- 11) Zero substitutability of factors is indicated by a kinked iso-quant.
- 12) Internal economies of scale are advantages of large scale production.

**B. Match the Column (Any Ten) (10)**

**Group 'A'**

1. Law of Demand
2. Change in demand
3. Equilibrium in price
4. Income elasticity of demand
5. Vertical demand curve
6. Kinked demand curve
7. Production function
8. Marginal product
9. Capital
10. Variable inputs
11. Average fixed cost
12. Sunk cost

**Group 'B'**

- a. Change in demand to a change in income
- b. Shows the maximum output
- c. Cost cannot be recovered
- d. Perfectly inelastic
- e. Total fixed cost divided by total cost
- f. Price decrease, buyers tend to buy more.
- g. Inputs changed in the short-run
- h. Additional unit of an input.
- i. Market demand is equal to supply.
- j. Oligopoly
- k. A fixed input to production short in the run
- l. A total shift in the demand curve.

**Q.2. Attempt 'A' and 'B' OR 'C' and 'D' (07)**

- A. Define business economics & explain its scope. (07)
- B. What is opportunity cost? Explain its significance in business economics. (08)

**OR**

- C. Write an explanatory note on the use of marginal analysis in decision making in business. (07)
- D. The demand function for a commodity is given as  $Q_d = 40 - 0.1P$  and its supply function for a commodity is given as  $Q_s = -20 + 0.2P$ . Make a schedule of demand and supply at prices Rs. 100/- Rs. 200/- Rs.300/- and Rs. 400/- Find the equilibrium price and quantity. (08)

**Q.3. Attempt 'A' and 'B' OR 'C' and 'D' (07)**

- A. Using diagrams explain the difference between in demand curves of firms in perfect competition and monopoly. (07)
- B. When price is Rs. 5 quantity demanded is 10 units. when price increase to Rs.7 quantity demanded is 5 units. (08)
  - i. Calculate price elasticity of demand. Is demand elastic or inelastic?
  - ii. Explain the various degrees of elasticity of demand.

OR

C. What is demand forecasting? What is the significance of demand forecasting. (07)

D. Given the following demand function. (08)

$Q_{dx} = 200 - 0.45 P_x$ ; What is your forecast for  $Q_{dx}$   
When  $P_x$  is 40, 50, 60?

Q.4. **Attempt 'A' and 'B' Or 'C' and 'D'**

A. What is an iso-quant? Explain it's various types. (07)

B. Explain the law of variable proportion in detail. (08)

OR

C. Explain the internal economies and diseconomies of scale. (07)

D. Explain the least cost combination as producers equilibrium. (08)

Q.5. **Attempt 'A' and 'B' Or 'C' and 'D'**

A. Explain various cost concepts. (07)

B. Given TFC is 55, calculate TC, MC, AFC, AVC & ATC (08)

Q	0	1	2	3	4	5	6
TVC	0	30	55	75	105	155	225

OR

C. A firm can produce 10,000 units per month. The price per unit is Rs. 50, Total variable cost is Rs. 1,00,000 and total fixed cost Rs. 1,00,000 Find the break-even sales volume and revenue. (07)

D. Discuss the meaning of break-even point and its determination diagrammatically. (08)

Q.5. **Attempt 'A' and 'B' Or Write short notes on any four-**

A. What are the functional relations and tools for economics analysis? (10)

B. (10)

	A	B	C	D
Price ( $P_x$ )	7	6	5	4
Quantity ( $Q_x$ )	0	10,000	15,000	22,000

Using the table above, find the following

i. Price elasticity from 'B' to 'D'

ii. Price elasticity from 'D' to 'B'

iii. Price elasticity in the price range from '4' to '5' (use arc method)

OR

(20)

**Write short notes ( Any four)**

1. Marginalism and Incrementalism.

2. Cross elasticity of demand

3. Economies of scope.

4. Short-run average cost curve.

5. Pecuniary economics.

6. Uses of break-even analysis.

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