

Duration: 3 Hours

B412NBE

Marks:-100

Note: -

- 1) All questions are compulsory
- 2) All questions carry equal marks
- 3) Figures to the right indicate maximum marks.

**Q.1 Select the best answer from the given options and rewrite the statement (Any 10) (10 M)**

- i) A change in the price of a commodity with no change in other determinants, result in \_\_\_\_\_
  - a) Change in quantity demanded.
  - b) A Shift in the demand curve.
  - c) An increase or decrease in demand.
  - d) An increase in demand.
- ii) Price elasticity at a given price is not affected by \_\_\_\_\_
  - a) Availability of substitutes
  - b) Nature of the commodity
  - c) A change in supply
  - d) Proportion of consumer's income spent on the commodity.
- iii) The \_\_\_\_\_ method uses time series data.
  - a) Trend
  - b) end - use
  - c) Sample survey
  - d) Proportion of consumer's income spent on the commodity.
- iv) 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.
- v) When TP is maximum, MP is \_\_\_\_\_
  - a) Zero
  - b) Negative
  - c) Maximum
  - d) Constant
- vi) An important cause of internal diseconomies of scale is \_\_\_\_\_
  - a) Transport Congestions
  - b) Rising factor costs
  - c) Diminishing returns to management
  - d) Pollution and health hazards
- vii) Implicit costs are \_\_\_\_\_
  - a) equal to total fixed costs
  - b) equal to variable costs.
  - c) always less than explicit costs
  - d) Cost of using factors belonging the business owner
- viii) The slope of the total cost curve equals \_\_\_\_\_
  - a) average variable cost
  - b) marginal cost
  - c) average cost
  - d) marginal physical product
- ix) The shutdown and break-even point are \_\_\_\_\_
  - a) Same
  - b) Different
  - c) Irrelevant
  - d) Equal
- x) Returns to scale determine the behavior of \_\_\_\_\_
  - a) Short run average cost
  - b) Marginal cost
  - c) Long run average cost
  - d) Average fixed cost
- xi) \_\_\_\_\_ revenue is total sale of a certain amount of commodity at a given time.
  - a) Total
  - b) Average
  - c) Incremental
  - d) Marginal
- xii) The law of demand is illustrated by a demand curve that is \_\_\_\_\_
  - a) horizontal
  - b) vertical
  - c) downward sloping
  - d) upward sloping

**Q.1B) Write whether the following statements are true or false (Any Ten)****(10 M)**

- i) Price expectation is an exception to the law of Demand.
- ii) Unitary elasticity is represented by a demand curve that is a rectangular hyperbola
- iii) Regression method forecasts demand accurately.
- iv) Production refers to creation of utilities.
- v) Returns to scale determine the behavior of indivisibility of some factors.
- vi) External economics may occur due to division of labour.
- vii) Sunk costs cannot be altered by any management decision.
- viii) Long run cost is used to determine the optimum firm size.
- ix) An increase in variable cost brings down the break-even point.
- x) Fixed proportion production function is represented by a smooth convex iso-quant.

- xi) Demand forecasts are essential to plan future production.  
 xii) In case of a decrease in supply demand being the same, the price will fall.

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

- A) Define demand and state the main determinants of demand. (7M)  
 B) Given the following data calculate. (8M)  
 TR, AR and MR State the relationship between TR, AR and MR.

Quantity (Q)	0	1	2	3	4
Price (₹)	20	20	20	20	20

OR

- A) Explain the laws of demand and supply. (7M)  
 B) Discuss the changes in the market equilibrium. (8M)

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

- A) Explain different types of price elasticity of demand (7M)  
 B) Explain the types of demand forecasting. (8M)

OR

- A) Explain Survey method of demand forecasting (7M)  
 B) Write the assumptions and exceptions to the law of demand (8M)

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

- A) What is meant by economies of scale? Discuss the various internal economies of scale? (7M)  
 B) Using the following hypothetical data of a firm calculate AP and MP (8M)

No of workers	1	2	3	4	5	6	7	8	9	10
Total Product	10	22	36	48	55	60	63	63	54	40

OR

- A) What is iso-quant? Explain various types of iso-quant. (7M)  
 B) What are the different types of variable proportion (8M)

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

- A) Given the TFC ₹100 Calculate TC ATC, AFC, AVC MC (8M)

Output	0	1	2	3	4	5	6	7	8
TVC	0	25	40	50	60	80	110	150	300

- B) Explain Assumptions of Break Even Point. (7M)

OR

- A) Use the following data to calculate break even point (8M)

- i) Sales price per unit = ₹250  
 Variable cost per unit = ₹150  
 Total fixed expenses = ₹35,000  
 ii) Total fixed cost = ₹4000  
 Total Variable cost = ₹10,000  
 Total Sales receipts = ₹15,000

- B) Construct the LAC curve using SAC curve (7M)

**Q.6) Attempt A and B OR Write Short notes at any four**

- A) Discuss external economies and diseconomies of scale. (10M)

B) Explain the methods of measuring elasticity of demand.

OR

Write short notes on any four of the following

- i) Market demand
- ii) Properties of isoquants
- iii) Limitations of break even analysis
- iv) Statistical method
- v) Factors affecting Price Elasticity of Demand
- vi) Basic concepts for Business Economic Analysis.

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