

[Time: 2.30 Hrs]

[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.

Q.1 A. Choose the correct answer from the given multiple choice. (Any Eight) 08

i) If total fixed cost is Rs 35000/- and total variable cost is Rs 250 /- then total cost will be -----.

- a. Rs 35250/-
- b. Rs 250/-
- c. Rs.35000/-
- d. Rs 600/-

ii) Business Economics is also called as -----.

- a. Managerial economics
- b. Microeconomics
- c. Macroeconomics
- d. Developmental economics

iii) Law of demand indicate the inter-relationship between -----.

- a. Price and supply
- b. Price and expenditure
- c. Price and demand
- d. Demand and supply

iv) Demand can increase due to -----.

- a. Increase in price
- b. Increase in expenditure
- c. Increase in income
- d. Increase in saving

v) Economic costs equal to ----- cost.

- a. Implicit & Explicit
- b. Direct & Indirect
- c. Internal & External
- d. Raw Material & Finished Goods

vi) Ignoring external cost may lead to an ----- allocation of resources in Society.

- a. Inefficient and undesirable

- b. Efficient and undesirable
 - c. Inefficient and desirable
 - d. Efficient and desirable
- vii) When Total Product is maximum, Marginal Product is -----.
- a. Zero
 - b. Negative
 - c. Maximum
 - d. Constant
- viii) Sunk Cost is the ----- cost incurred by a firm to enter the market.
- a. Initial
 - b. Material
 - c. Overhead
 - d. Indirect
- ix) Historical cost is the ----- cost.
- a. Accounting
 - b. Internal
 - c. Economic
 - d. External
- x) An ISO quant curve is a curve along which the maximum achievable rate of ----- Is constant.
- a. Production
 - b. Capital
 - c. Investment
 - d. Depreciation

B. Find True or False. (Any Seven)

07

- i) Business economics is also known as managerial economics.
- ii) In the long run, firm can earn only normal profit.
- iii) Advertisement is the main form of selling cost.
- iv) Kinked demand curve model is a non-collusive model.
- v) Variable can be independent only.
- vi) Total revenue is calculated by multiplying price and quantity.
- vii) There is indirect relationship between quantity demanded and price.
- viii) Large number of sellers exist in the monopoly market.
- ix) Product differentiation is one of the characteristics of monopolistic competition.
- x) The demand is said to be relatively elastic, when the percentage change in

quantity demanded of a commodity is greater than the percentage change in its price.

- Q.2 A. Discuss the basic tools in business economics. 08
 B. What is the meaning of business economics? Explain the importance of business economics. 07

OR

- A. Give the definition of business economics and discuss the scope of it. 08
 B. Describe the concepts Marginalism and Instrumentalism. 07
 Q.3 A. Explain the Market Demand Curve. 08
 B. Explain the shifts or changes in supply with the help of diagram. 07

OR

- A. Explain the significance of demand forecasting. 08
 B. Explain the factors affecting price elasticity of demand. 07
 Q.4 A. Discuss the features of monopoly market. 08
 B. What are the features of monopolistic competition. 07

OR

- A. Describe the concept of excess capacity with the help of diagram. 08
 B. Describe the sources of monopoly power. 07
 Q.5 Write notes on any three of the following. 15
 A. Role of advertisement
 B. Promotional elasticity of demand
 C. Kinked demand curve
 D. Selling cost
 E. Features of Perfect Competition
