F.Y.B.A.F. (Sem-I) March-2023

Q.P. Code:00000390

Business Economics - I

[Time: 2.30 Hrs]	**[Marks:75]**

Please check whether you have got the right question paper.

N.B:
1. All question are compulsory.
2. Figures to the right indicate full marks.
3. Students answering in the regional language should refer in case of doubt to the main text of the paper in English.

Q.1	A.	Choose the correct answer from the given multiple choice. (Any Eight)	08
	i)	If the quantity (Q) is 10 units and price (P) is Rs20/- then total revenue will be ------------ a. 200 b. 2 c. 100 d. 20	
	ii)	If change in one variable leads to constant change in another variable then it is a ----------. a. Linear function b. nonlinear function c. Equation d. Average	
	iii)	When a slight change in price of commodity brings about infinite change in the demand for a commodity is called as ----------------. a. Perfectly elastic demand b. Perfectly inelastic demand c. Relatively elastic demand d. Relatively inelastic demand	
	iv)	If the demand for commodity doesn't change at all despite of the change in the price of commodity, then it is called -------------. a. Perfectly elastic demand b. Perfectly inelastic demand c. More elastic demand d. Less elastic demand	

v) ISO Cost line also known as a producer's ------------ Line.

a. Expenditure
b. Budget
c. Production
d. Capital

vi) In the short run, increasing marginal returns takes place due to -------------.

a. Variability of all factors
b. Abundance of fixed factors
c. Abundance of variable factors
d. Economies of scale

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) Marginal cost refers to the change in total cost for a ----------- unit change in output.

a. One
b. Two
c. Three
d. Four

x) The average variable cost will generally --------- as the output rises from zero to the normal capacity level of output.

a. Fall
b. Increase
c. Equal
d. Marginal

	B.	Find True or False. (Any Seven)	07
	i)	Business economics is known as managerial economics.	
	ii)	Total revenue is calculated by multiplying price and quantity.	
	iii)	There is direct relationship between quantity demanded and price.	
	iv)	Demand curve has a negative slope.	
	v)	Complementary goods are those goods which one purchased together.	
	vi)	In the case of Giffen goods, the demand curve is upward sloping.	
	vii)	A perfectly competitive market is a hypothetical in nature.	
	viii	Profit = Total Revenue – Total Cost	
	ix)	Kinked demand curve model is a non-collusive model.	
	x)	Advertisement is the main form of selling cost.	
Q.2	A.	Discuss the scope of business economics.	08
	B.	What is the meaning of business economics? Explain the importance of business economics.	07
		OR	
	A.	Explain the relationship between total, average and marginal.	08
	B.	Explain the concepts Marginalism and Instrumentalism.	07
Q.3	A.	Explain market demand curve.	08
	B.	Explain shifts or changes in demand with the help of diagram.	07
		OR	
	A.	What are the determinants of demand?	08
	B.	Explain the factors affecting price elasticity of demand.	07
Q.4	A.	Describe the sources of monopoly power.	08
	B.	Describe the features of monopolistic competition.	07
		OR	
	A.	Explain the features of oligopoly market.	08
	B.	Discuss the wastages under monopolistic competition.	07
Q.5		Write a note on any three of the following.	15
	A.	Income elasticity of demand.	
	B.	Product differentiation.	
	C.	Any five steps of demand forecasting.	
	D.	Features of perfect competition	
	E.	Cross elasticity of demand.	