

B. Economics Sem I

21/11/16

F.Y.B.Com Nov 2016

QP Code :760101

(3 Hours)

[ Total Marks : 100

- N. B. :** (1) All questions are **compulsory**.  
(2) All questions have internal choice.  
(3) Draw neat diagrams wherever necessary.  
(4) Use of simple calculators is permitted.  
(5) **Figures** to the **right** indicate **full** marks.

1. (A) Define the following concepts. **Any Ten :-**

- (i) Equation
- (ii) Average revenue
- (iii) Equilibrium price
- (iv) Cross elasticity of demand
- (v) Income elasticity of demand
- (vi) Demand forecasting
- (vii) Isoquant
- (viii) Constant returns to scale
- (ix) Diseconomies of scale
- (x) Total cost
- (xi) Implicit cost
- (xii) Break-even point

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(B) Select the best answer from the given options and rewrite the statement. **Any Ten :-**

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- (i) Which of the following shows the relationship between the price of a good and the amount of the good that consumers want at that price?
  - (a) Supply curve
  - (b) Demand curve
  - (c) Supply schedule
  - (d) Production possibilities frontier
- (ii) The market clearing price is also called the
  - (a) current price
  - (b) prevailing price
  - (c) equilibrium price
  - (d) none of the above

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- (iii) What is the cause of the rightward shift of the demand curve for cars?
- (a) An increase in income
  - (b) An increase in population size
  - (c) Lower prices of petrol
  - (d) All of the above
- (iv) A percentage change in quantity demanded divided by a percentage change in price is called
- (a) income elasticity of demand
  - (b) price elasticity of demand
  - (c) price elasticity of supply
  - (d) elasticity of substitution
- (v) On the lower segment of a downward sloping straight line demand curve price elasticity of demand is
- (a)  $> 1$
  - (b)  $< 1$
  - (c)  $= 1$
  - (d) none of the above
- (vi) Expert opinion is a
- (a) survey method
  - (b) statistical method
  - (c) both a and b
  - (d) none of the above
- (vii) If there is zero substitutability between capital and labour the isoquant is
- (a) a straight line
  - (b) 'L' shaped
  - (c) concave to the origin
  - (d) none of the above
- (viii) The total amount of output produced is called
- (a) total supply
  - (b) total product
  - (c) both a and b
  - (d) none of the above

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- (ix) Using five units of labour a firm can produce 2500 units of a good. Using six units of labour the firm can produce 3000 units of the good. The marginal product of the sixth unit of labour is
- 100 units
  - 1500 units
  - 2000 units
  - 500 units
- (x) The rent of a factory is an example of
- variable cost
  - fixed cost
  - both a and b
  - neither a nor b
- (xi) Which of the following curves is used for planning
- SAC
  - SMC
  - LAC
  - LMC
- (xii) The break-even point is influenced by
- price
  - average variable cost
  - fixed cost
  - all of the above

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

(A) What is business economics? Discuss its scope. 8

(B) Given the following data 7

Q	1	2	3	4	5
O	10	9	8	7	6

- Calculate TR, AR and MR.
- Explain the relationship between TR and MR, MR and AR.

OR

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