

Date : 25.11.2019

Time : (2½ Hours)

Total Marks: 75

- N.B. (1) All questions are compulsory.  
(2) Figures to the right indicate marks for respective sub questions.

- Q.1 A Choose correct alternative in each of the following. (Any 8) (8)
- (i) The ratio of change in total revenue to a unit change in output sold is \_\_\_\_.
    - (a) Marginal revenue
    - (b) Marginal cost
    - (c) Average revenue
    - (d) Average cost
  - (ii) Under oligopoly the firm faces a \_\_\_\_\_ demand curve.
    - (a) Horizontal
    - (b) Vertical
    - (c) Upward sloping
    - (d) Kinked
  - (iii) If the cross elasticity of demand is positive, goods are \_\_\_\_\_.
    - (a) Complementary
    - (b) Substitutes
    - (c) Not related
    - (d) None of these
  - (iv) The \_\_\_\_\_ method uses time series data.
    - (a) Sample survey
    - (b) Delphi
    - (c) Trend
    - (d) None of these
  - (v) Electricity charges, sales tax etc. are example of \_\_\_\_\_ cost.
    - (a) Unavoidable
    - (b) Variable
    - (c) Avoidable
    - (d) None of these
  - (vi) Safety margin is difference between \_\_\_\_\_.
    - (a) TR and TC
    - (b) TR and TFC
    - (c) AC and MC
    - (d) Sales and BEP
  - (vii) The demand curve for a firm under perfect competition is \_\_\_\_\_.
    - (a) Vertical
    - (b) Horizontal
    - (c) Downward sloping
    - (d) Upward sloping
  - (viii) Selling cost is the feature of \_\_\_\_\_ competition.
    - (a) Perfect
    - (b) Monopoly
    - (c) Monopolistic
    - (d) None of these
  - (ix) Oligopoly is characterized by \_\_\_\_\_.
    - (a) Single seller
    - (b) Few seller
    - (c) Too many sellers
    - (d) Single buyer
  - (x) \_\_\_\_\_ is an intra-firm trading of goods and sources.
    - (a) Dumping
    - (b) Marginal cost pricing
    - (c) Cost plus pricing
    - (d) Transfer pricing
- B State whether the following statements are True or False (Any 7) (7)
- (i) Microeconomics deals with the analysis of national income.
  - (ii) Extension and contraction can be shown on the same demand curve.
  - (iii) Price is very flexible in oligopoly.
  - (iv) In the short run, the firm has to only incur variable costs.
  - (v) A monopolist is a price taker.
  - (vi) Regression method forecasts demand accurately.
  - (vii) Price discrimination is always possible and profitable.
  - (viii) Under consumer survey method the consumers are interviewed directly.
  - (ix) Expert opinion method is more accurate and reliable.
  - (x) Capital management implies planning of capital expenditure.

- Q.2 (A) Explain the term business economics? Explain the importance of BE (8)  
(B) What is cross elasticity of demand? Explain with the suitable example and formulation (7)

**OR**

- (P) Explain the factors of determining elasticity of demand (8)  
(Q) What are the tools of business economics? (7)

- Q.3 (A) What is demand forecasting? Explain the methods of demand forecasting (8)  
(B) Given total fixed cost as Rs. 100. With the help of following information calculate. (7)

- I. TC  
II. AFC  
III. AVC  
IV. MC

Output	0	1	2	3	4	5	6
Total variable cost	0	25	40	50	60	80	110

**OR**

- (P) What is short run and long run production function? (8)  
(Q) Explain the concept of total product, average product and marginal product. (7)

- Q.4 (A) Explain the features of monopolistic competition (8)  
(B) What is oligopoly competition? And Classification of oligopoly (7)

**OR**

- (P) What are the types of market structure? (8)  
(Q) Explain the formula method for determining BEP (7)

- Q.5 (A) What are the advantages and disadvantages of marginal cost pricing (8)  
(B) Explain the degree of price discrimination (7)

**OR**

- (P) Attempt **any Three** of the following (Short note) (15)  
1. Opportunity cost  
2. Market supply  
3. Monopoly competition  
4. Cost analysis  
5. Product pricing method

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