FYBMS/SEM I/EXT/Eco.

Marks:75

Time: 2½ hrs.

Note:
1. All questions are compulsory with internal options.
2. Figures to the right indicate full marks.
3. Draw neat diagram wherever necessary.

Q. 1 (A) Fill in the blanks with the correct answer from the alternatives given below. (Attempt any 8) **(08)**

(1) Implicit costs are ____________.
(equal to total fixed costs, equal to variable costs, always less than explicit costs, cost of using factors belonging to the business owner)

(2) Super normal Profit ____________.
(TR> TC, TR= TC, AR=AC, AR<AC)

(3) Micro economics deals with the analysis of__________.
(national income, individual unit, all sectors of economy, GDP)

(4) As a price of a commodity falls, it becomes relatively cheaper than other altenatives. The effect is known as ___________.
(substitution effect, income effect, price effect, snob effect)

(5) In a monopoly market _________ .
(the seller is the price taker, the seller is the price creator, the seller controls price and supply, the market forces determines the price)

(6) At break even point the price is equal to ______ cost
(Total, Average, Marginal, Variable)

(7) Products sold in oligopoly market is____________.
(homogenous, heterogenous, differntiatiated, homogenous or heterogenous)

(8) The ______ method uses the time series data
(trend, Delphi, end use, sample survey)

(9) When TR is increasin with every fall in price, the price elasticity of demand is_________.
(equal to one, greater to one, less than one, equal to zero)

(10) How many sellers are there under Monopolistic Competition_________ .
(One, Many, Large, Few)

(B) State whether the following statements are true or false. (Attempt any 7) **(07)**

(1) Micro economics deals with the analysis of National income

(2) Demand and price is directly related to each other

(3) All inferior goods are Giffen goods.

(4) An isoquant is concave to the origin

(5) The law of variable proportion explains returns to all factors of production

(6) External economies may occur due to division of labour

(7) In the short run the firm has to incur only fixed cost

(8) In perfect competition consumer is a price maker

(9) A monopolist sells a commodity which has a close substitute

(10) Cost plus pricing is also called as Mark up pricing

Q.2 (A) Explain with the help of a diagram Price Elasticities of Demand (08)
(B) What are the methods involved in Demand Forecasting. (07)

OR

Q.2 (C) Explain Market Equilibrium. & change changes in demand & supply (08)
(D) Define Demand. Explain Law of Demand in Details (07)

Q.3 (A) Explain the Law of Diminishing marginal returns with the help of diagram. (08)
(B) What are the effects of different variables on break even point (07)

OR

Q.3 (C) A businessman pays 6,00,000/- in salaries & wages, 1,00,000/- in interest paid on borrowed capital & 60,000/- rent for office premises. If the entrepreneur worked for somebody else, he would earned 5,00,000/- per year. Revenue per annum is 3,000,000/-. (15)

Questions:

a) Calculate accounting cost, economic cost, accounting profit, economic profit.
b) Instead of borrowed capital, the entrepreneur invested 4,00,000 of his savings. The highest market rate of interest this amount can earn is 9% per annum. How would this affect her economic cost and profit.

Q.4 (A) Explain the features of monopolistic competition market structure? Explain the concept of Long- run equilibrium of a firm in perfect competition (08)
(B) Distinguish between Monopoly and Perfect Competition (07)

OR

Q.4 (C) What are various types of price rigidity? Discuss it with the help of a suitable diagram (08)
(D) Explain Features of Monopoly (07)

Q.5 (A) Define price discrimination. What are the various forms of price discrimination (08)
(B) Define transfer pricing and explain how it affects a firms profit (07)

OR

Q.5 **Write short notes on (Attempt any 3)** (15)

(1) Isoquants
(2) Features of Perfect Competition
(3) Dumping.
(4) Income Elasticity of Demand
(5) Diseconomies of scale.

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