

**Pune Vidyarthi Griha's
College of Science and Technology
F.Y.B.M.S (Sem I)
Business Economics-I**

Q.P.Code - UBMSFSI.7

Date - 8/11/2023

Time : 3 Hours

Marks : 75

Q 1. (A) Select the best answer from the given options and rewrite the statement (5)

1. The law of demand is illustrated by a demand curve that is _____.
(a) Horizontal (b) Vertical (c) Upward sloping (d) downward sloping
2. A normal good can be defined as one which consumers purchase more of as _____.
(a) Price fall (b) price rise (c) income fall (d) incomes increases
3. Average revenue is equal to the _____ per unit of output. (Hint: think about the formula of R)
(a) Marginal Revenue (b) Price (c) Cost (d) Incremental Income
4. If a firm has to choose between two equally technically efficient methods of production, then its choice of method will depend on _____.
(a) prices of the factors
(b) availability of factors
(c) monetary resources available with the firm
(d) All the above
5. Which of the following is not an assumption of the Law of Demand?
(a) Consumer's income does not change (b) No change in consumer's taste and preference
(c) No change in the price of the output (d) No future uncertainties

(B) State whether the following statement are True or False (5)

1. In case of a decrease in supply, demand being the same, the price will fall.
2. Rank is seen in Ordinal analysis..
3. Elasticity of demand measures the absolute change in demand caused due to the absolute change in price.
4. The tangency of indifference curve and budget line is the Price consumption curve.
5. Production refers to creation of utilities.
6. Constant returns to scale is when productions increase more than the number of times .
7. Economics is science of choices.

Q2 Explain the concepts:(Any 5) (25 marks)

1. Inferior and normal goods
2. Compliments and substitutes.
3. Revenue (write formula) and profit
4. Average product of labour and marginal product of labour
5. Short Run and Long Run.
6. Positive & normative economics

Q 3(a)What is Production Possibility Curve?Give 5 properties of the same.Draw appropriate diagrams.**(8 marks)**

(b)What is indifference Curve ? Give 5 properties of the same. Draw appropriate diagrams.**(7 marks)**

OR

(c)What is an isocost Curve ? Give 5 properties of the same. Draw appropriate diagrams.**(7 marks)**

(d)What is the isoquant Curve ? Give 5 properties of the same. Draw appropriate diagrams.**(8 marks)**

Q 4(a)What are 3 types of market structures. Give conditions by which these markets are formed. **(7 marks)**

(b)What are perfectly substitutable,non substitutable inputs in a production functions.Draw Leontief function and appropriate graphs.**(8 marks)**

OR

(c)What is budget line? Give 5 properties of the same. Draw appropriate diagrams.**(7 marks)**

(d)What are 5 fallacies in economics. Explain with examples.**(8 marks)**

Q.5.a)The following table gives the marginal product schedule of labour. Calculate the corresponding average and total product schedules of labour. **(10 marks)**

L	0	1	2	3	4	5
MPL	-	5	7	5	3	1

OR

b)A consumer wants to consume two goods. The prices of the two goods are Rs 4 and Rs 5 respectively. The consumer's income is Rs 20.

(i) Write down the equation of the budget line.

(ii) How much of good 1 can the consumer consume if she spends her entire income on that good?

(iii) How much of good 2 can she consume if she spends her entire income on that good?

(iv) What is the slope of the budget line?

(v)How does the budget line change if the consumer's income increases to Rs 40 but the prices remain unchanged? **(10 marks)**
