

## Ist Sem. B.Com Examination Nov/Dec. - 2006

## COMMERCE

## Business Economics - I

Time: 3 Hrs.

Max. Marks: 90

## Section A

I. Answer any **ten** of the following. Each sub-question carries **2 marks.** (10x2=20)

- State any two main differences between Economics and Business Economics.
- What is Consumer surplus ?
- What is Indifference Curve ?
- What do you mean by survey method of demand forecasting ?
- What is meant by production function ?
- What do you mean by Internal Economies of scale of production ?
- Distinguish between firm and industry.
- Give an imaginary supply schedule for a commodity of your own choice.
- What is meant by opportunity cost?
- State the important phases of law of variable proportions.
- What do you mean by Business Operations?
- What is the difference between cost and price?

## SECTION - B

Answer **any five** questions. Each question carries **five marks :** (5x5=25)

- Who is Business Economist ? Discuss the role of Business Economist in a firm.
- Explain why demand curves always slopes downward from left to right.
- What is demand forecasting ? What are the significance of demand forecasting ?
- With the help of the following data, adopting total outlay method Find out price elasticity of demand.

Situation	Price per unit (in Rs.)	Quantity demanded (in units)
(a)	18.00	500
	16.00	650
	14.00	850
	12.00	650
(b)	10.00	750
	8.00	900
	6.00	1200
(c)	4.00	1800
	2.00	3600

- From the following data calculate variable cost, average fixed cost, average variable cost, average cost and marginal cost of a firm.

Output (in units)	0	1	2	3	4	5	6	7	8
Total Cost (in Rs.)	400	480	550	590	620	650	730	820	950

- With the help of a neat diagram in explain the relationship between marginal cost and average cost in the short run.



8. What are the determinants of supply ?  
 9. Write a note on increase and extension in demand.

### SECTION - C

Answer **any three** questions from the followings. Each question carries **fifteen**

**(3x15=45)**

10. From the data given below, find the trend values for each year using the method of least squares and estimate the annual sales for the year 2006 and 2007.

Year	2001	2002	2003	2004	2005
Sales (Rs. in 000's)	60	80	70	90	100

11. Explain the law of diminishing marginal utility with the help of table and diagram.  
 12. What are indifference curves ? Explain how a consumer reaches the position of equilibrium with the help of the budget line and indifference curve.  
 13. What are economics of scale ? Explain various internal and external economies of large scale production.  
 14. Explain the law of demand with schedule and diagram. What are its assumptions ?



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