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Ist Sem. B.Com Examination Nov/Dec. - 2007

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)

- a) What do you mean by business economics?
- b) What is consumer surplus?
- c) Differentiate cardinal and ordinal utility.
- d) What is Veblen effect?
- e) What is producer's equilibrium?
- f) What do you mean by Delphi Method?
- g) What do you mean by money cost and real cost?
- h) What is cross elasticity of demand?
- i) Give the meaning of price line.
- j) What are internal economies of scale?
- k) What is meant by opportunity cost?
- l) Give the meaning of increase in supply and contraction of supply.

SECTION - B

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

2. Explain the various types of price elasticity of demand.
3. With the help of the following data, adopting total outlay method, find out the price elasticity of demand. Show the graphic representation.

	Price per unit (in Rs.)	Quantity demanded (in units)
a)	10.00	1,000
	9.00	2,000
	8.00	3,000
b)	10.00	900
	9.00	1,000
	8.00	1,125
c)	10.00	1,000
	9.00	1,050
	8.00	1,000

4. Write a note on consumer surplus.
5. Who is a Business economist? Discuss the role of business economist in a firm.
6. A cement factory reports the following sales of cement as shown against various years. Estimate the sales for the next two years i.e. for 2007 and 2008 with the help of Least Square Method.

Year:	2002	2003	2004	2005	2006
Sales :	90	80	70	80	60
(in tonnes)	(in 000's)				

7. What are the determinants of demand?
8. What is consumer sovereignty? Write its limitations.
9. With the help of the data given below, calculate TFC, TVC, AC, AVC and MC.

Output (in units)	0	1	2	3	4	5	6	7	8
Total cost (in Rs.)	500	580	650	690	720	750	830	920	1,150

SECTION - C

Answer **any three** questions from the followings. Each question carries **fifteen**
(3x15=45)

10. Explain the Law of Equi-Marginal Utility with the help of table and diagram along with its limitations.
11. What are economies of scale? Explain internal and external economies of large scale production.
12. Define indifference curves. Explain how the consumer reaches equilibrium with the help of indifference curves.
13. What is an elasticity of demand? Explain the various factors that determine the elasticity of demand.
14. Explain the scope of business economics.



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