



Pre-Board Exam-2072

Subject: BUSINESS ECONOMICS - I

Level: BBS - I

Time: 3 Hrs

F.M:100

P.M.: 40

Set -A

Group: A

**Brief Answer Questions**

**[2×10=20]**

1. List out the limitations of microeconomics.
2. List out any four determinants of demand.
3. Find price elasticity of demand when fall in price of rice from Rs. 5 to Rs. 4 per kg leads to an increase in its demand from 10 kg to 20 kg in a month.
4. Define substitution effect.
5. What is Cobb-Douglas production function?
6. List out any four points of economies of scale.
7. Draw AR and MR curves under perfect competition.
8. Given the following demand and supply equations; find the equilibrium price.  
 $Q_d=100-5p$   
 $Q_s=10+5p$
9. What is oligopoly market?
10. What is derived demand?

**Group: B**

**Descriptive Answer Questions (Attempt any Five Questions)**

**[5×10=50]**

11. Explain the importance of microeconomics in business decision making.
12. Explain the arc method of measuring price elasticity of demand.
13. Explain the law of variable proportions.
14. Total cost function of a producer is given by  $TC=1000 + 10Q - 0.9Q^2 + 0.004Q^3$ , Find TFC, TVC, TC, AFC, AVC and MC to produce 5 Units of output.
15. Explain price and output determination process under third degree price discrimination.
16. Explain the innovation theory of profit.

**Group: C**

**Analytical Answer Question (Attempt any two)**

**[2×15=30]**

17. What is a demand function? Explain the various determinants of demand.
18. What is isoquant. Explain the various properties of isoquant.
19. Critically explain the modern theory of rent.



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Analytical Answer Questions (attempt any two)

[2×15=30]

17. Define indifference curve. Explain the concept of consumer's equilibrium with the help of indifference curve.
18. Explain the effect of shift in demand and supply curve in the equilibrium price and quantity?
19. Define monopoly. How price and determined under it.

Brief Answer Questions

[2×10=20]

1. List out the scope of business economics.
2. Define supply function?
3. Due to fall in price of commodity by 15% quantity demanded of X – increase by 25% from initial demand of 50 units, Calculate price elasticity.
4. Define income effect.
5. What are the causes of decreasing returns to scale?
6. Why SAC is U – shaped?
7. Draw AR and MR curves under monopoly.
8. Calculate profit of the firm when  $P = \text{Rs.}30$ ,  $Q=10$  units and  $AC=\text{Rs.}25$ .
9. Define monopolistic competition market.
10. Diagrammatically show the rent of less elastic factor.

Group: B

Descriptive Answer Questions (Attempt any fives )

[5×10=50]

11. Define business economics. Explain its features.
12. Define income elasticity of demand. What is the use of income elasticity of demand in business decision-making?
13. Given the total cost function:  $TC=100 + 50Q - 12Q^2 + Q^3$ . Determine total fixed cost, total variable cost, average variable cost, marginal cost when the firm produces 10 units of output.
14. Explain the law of returns to scale.
15. Define cartel. Explain joint profit maximization by the cartel.
16. Explain the liquidity preference theory of interest.