

**C.U.SHAH UNIVERSITY**

WADHWAN CITY

University (Winter) Examination -2013

Subject Name: -Business Economics -I

Course Name :B.Com Sem-I

Duration :- 2:30 Hours

Date : 16/12/2013

**Instructions:-**

- (1) Attempt all Questions of both sections in same answer book / Supplementary.
- (2) Use of Programmable calculator & any other electronic instrument is prohibited.
- (3) Instructions written on main answer Book are strictly to be obeyed.
- (4) Draw neat diagrams & figures (If necessary) at right places.
- (5) Assume suitable & Perfect data if needed.

**SECTION I**

- Q.1 Attempt the Following:**
- a) Define: Micro Economics, Macro Economics. 2
  - b) Distinguish: Goods and Services. 2
  - c) Define: Cross Elasticity of Demand. 2
  - d) "Welfare increases with wealth". Explain. 1
- Q.2 Attempt the following.**
- a) Examine the scope of Business Economics. Clarify the importance of Business Economics. 5
  - b) What does the term 'goods' mean? Discuss various classifications of goods. 5
  - c) Discuss the types of price elasticity of demand. 4
- OR**
- Q.2 Attempt the following.**
- a) Discuss the factors affecting price and income elasticity. 5
  - b) What is economic activity? Discuss the main types of economic activity. 5
  - c) Define Business Economics. Describe the characteristics of Business Economics. 4
- Q.3 Attempt the following**
- a) "Business Economics is a science of choice. It studies how a firm allocates its resources among different activities". Discuss in detail. 7
  - b) What does consumption mean? Discuss various classifications of consumption. Clarify the significance of consumption from the view point of Economics. 7
- OR**
- Q.3 Attempt the following**
- a) Discuss the factors affecting price elasticity, income elasticity and cross elasticity of demand. 7
  - b) "Business Economics attempts to bridge the gap between economic theory and Business management". Explain in detail. 7



## SECTION II

- Q.4 **Attempt the Following:**
- a) Define Law of diminishing returns. 2
  - b) Write different types of External Economies. 1
  - c) Explain the importance of Marginal Cost. 2
  - d) Differentiate between Sunk Cost and Abandoned Cost. 2

- Q.5 **Attempt the following.**
- a) Explain in detail the law of variable proportion. 5
  - b) What does short run mean? Explain the nature of short run production function. 5
  - c) Draw a long run AC curve. Explain the features of long run AC curve. 4

**OR**

- Q.5 **Attempt the following.**
- a) Explain with diagram the concepts of total fixed cost, total variable and total cost. 5
  - b) Explain with diagram the concepts of AFC and AVC and explain its importance. 5
  - c) What is long run? Explain the nature of long run production function. 4

- Q.6 **Attempt the following**
- a) What does iso-quant mean? Explain with diagram the characteristics of iso-quant. 7
  - b) What is AC? Explain the relation between MC and AC. Clarify the significance of the distinction between MC and AC in decision making. 7

**OR**

- Q.6 **Attempt the following**
- a) Explain the optimum factor combination with the help of iso-quant and iso-cost line. 7
  - b) Explain with diagram why and how the MC and AC curves in the modern theory of costs are different from those in the traditional theory of costs. 7

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