



K18P 0300

Reg. No. : .....

Name : .....

**Fourth Semester M.A. Degree (Reg./Suppl./Imp.) Examination, March 2018**  
**ECONOMICS/APPLIED ECONOMICS/DEVELOPMENT ECONOMICS**  
**Elective – ECO 4E08 : Business Economics**  
**(2014 Admission Onwards)**

Time : 3 Hours

Max. Marks : 60

**SECTION – A**

Answer **all** questions - Objective types :

1. Economies of scale are said to exist when the long-run average cost decreases with the increases in plant size is
  - a) Diseconomies of scale
  - b) Economies of Scale
  - c) Decreasing Returns
  - d) Constant Return
2. The costs that generally do not involve cash payment are
  - a) Fixed cost
  - b) Variable cost
  - c) Implicit cost
  - d) Explicit cost
3. Demand forecasting method based on specialized form of panel opinion is known as
  - a) Delphi method
  - b) Judgemental method
  - c) Controlled Experiments
  - d) Smoothing Techniques
4. A pricing practice in which firms have no choice but to sell their product at the rate at which the same product is being sold by other firms is
  - a) Going rate pricing
  - b) Loss leadership pricing
  - c) Differential pricing
  - d) Trade Association pricing
5. For normal goods, the income elasticity is
  - a) Less than zero
  - b) Equal to zero
  - c) Greater than one
  - d) Greater than zero



6. A fall in the price of a commodity whose demand curve is a rectangular hyperbola causes total expenditure on the commodity to
- a) increase  
b) decrease  
c) remain unchanged  
d) none of the above
7. The shape of TFC curve
- a) Horizontal  
b) Downward sloping  
c) U shaped  
d) Vertical
8. The goods which can be used continuously for a considerable period are
- a) Durable goods  
b) Consumer goods  
c) Capital goods  
d) Non Durable goods
- (8×½=4)

## SECTION – B

Answer **any eight** questions. **Each** carries **2** marks.

9. What is discounting principle ?
10. What is variable cost ?
11. Explain full cost pricing.
12. What is dual pricing ?
13. What is capital budgeting ?
14. State the differences between capital goods and consumer goods.
15. Define pricing policy.
16. What are the basic tools in business economics ?
17. What is income elasticity of demand ?
18. What is demand ? What are the types of demand ?
19. Explain Diminishing Returns to Scale.
- (8×2=16)



SECTION – C

Answer **any four** questions. **Each** carries **5** marks.

20. Explain the relationship between marginal cost and average cost.
21. Discuss Market-based pricing method.
22. Why is Forecasting Important to an Organization ?
23. Explain Naive Method of demand forecasting. What are its advantages and disadvantages ?
24. What are the factors hampering cost control in India ?
25. Distinguish between investment decisions and replacement investment decisions. (4×5=20)

SECTION – D

Answer **any two** questions. **Each** carries **10** Marks.

26. Describe the nature and scope of business economics.
27. What is elasticity of demand ? Describe different types of elasticity of demand graphically.
28. Explain Stigler's survivorship technique.
29. Briefly narrate probability theory and utility theory approaches. (2×10=20)