



K22P 3215

Reg. No. :

Name :

IV Semester M.A. Degree (C.B.S.S. – Reg./Supple./Imp.)
Examination, April 2022
(2018 Admission Onwards)
ECONOMICS/APPLIED ECONOMICS/DEVELOPMENT ECONOMICS
ECO4E08 : Business Economics

Time : 3 Hours

Max. Marks : 60

PART – A

Answer **all** questions. **All** questions carry **equal** marks. Choose the correct answer.

1. When total utility increases, marginal utility is
 - a) Negative and increasing
 - b) Negative and declining
 - c) Zero
 - d) Positive and declining
2. The point where TR curve cuts TC curve is called :
 - a) Equilibrium point
 - b) Point of inflexion
 - c) Split off point
 - d) Break-even point
3. The shape of marginal cost curve :
 - a) Horizontal
 - b) Downward sloping
 - c) U shaped
 - d) Vertical
4. A good theory is one that
 - a) has assumptions that mirror reality
 - b) describes the real world as closely as possible
 - c) incorporates as many facts as possible
 - d) explains or predicts what it is designed to explain or predict
5. Traditional economic theory could not explain choices involving risk because it assumed that :
 - a) MU always increases
 - b) MU always declines
 - c) MU first declines and then rises
 - d) MU first rises and then declines

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6. The demand forecasting method based on a specialized form of expert panel opinion is :
- a) Delphi method
 - b) Survey method
 - c) Barometric method
 - d) End use survey method
7. The relationship between output and variation in one input while keeping the other factor inputs constant is
- a) Law to returns to scale
 - b) Long runs production function
 - c) Returns to factor
 - d) Linearly homogeneous production function
8. Complementary goods have :
- a) Positive Cross Elasticity of demand
 - b) Negative Cross Elasticity of demand
 - c) Relatively Positive Cross Elasticity of demand
 - d) None of the above

(8×½=4)

PART – B

Answer **any eight** questions. **Each** answer should **not** exceed **half** page.

9. Write a note on the scope of business economics.
10. What is elasticity of demand ? Explain it graphically and algebraically.
11. What is Marginal-Cost Pricing ?
12. When to use product line pricing ?
13. Explain the concept of full cost pricing.
14. What is Cardinal Utility Approach ?
15. What is Net Present Value (NPV) ?
16. What is Internal Rate of Return (IRR) ?



17. What is transfer pricing ?
18. Note the importance of economies of scale.
19. What do you mean by time value of money ?

(8×2=16)

PART – C

Answer **any four** questions. **Each** answer should **not two and a half** pages.

20. Distinguish between investment decisions and replacement investment decisions.
21. What are the factors affecting the cost of production ?
22. Why is forecasting important to an organization ?
23. Briefly narrate Stigler's survivorship technique.
24. Distinguish economies and diseconomies of scale.
25. Explain the Certainty Equivalent Approach.

(4×5=20)

PART – D

Answer **any two** questions. **Each** answer should **not exceed six** pages.

26. Describe the importance of studying business economics.
27. What are the factors hindering cost control in India ?
28. Write on the pricing policy of the public sector enterprises and comment on the pricing methods of Indian Public Sector Enterprises. What are its limitations ?
29. What is Balance Sheet of a business firm ? What are the inferences we get while analyzing the Balance Sheet ?

(2×10=20)
