



**K24P 0215**

Reg. No. : .....

Name : .....

**IV Semester M.A. Degree (CBSS – Reg./Supple. – (One Time Mercy  
Chance)/Imp.) Examination, April 2024**

**(2014 Admission Onwards)**

**ECONOMICS/APPLIED ECONOMICS/DEV. 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. The basic economic problem is the problem of
  - a) Abundance of resources
  - b) Scarcity of resources
  - c) Human resources
  - d) None of the above
2. Demand curve slopes downwards because of
  - a) The law of diminishing marginal utility
  - b) The income effects
  - c) Substitution effect
  - d) All of the above
3. Which cost is more useful for decision making ?
  - a) Opportunity cost
  - b) Sunk cost
  - c) Historical cost
  - d) None of these
4. The principal reasons behind economic problems
  - a) Unlimited wants
  - b) Limited or scarce of means
  - c) Alternatives uses of means
  - d) All of the above

**P.T.O.**



5. "Law of variable proportions" is also known as
- Law of Diminishing Returns
  - Law of Increasing Returns
  - Law of Constant Returns
  - None of the above
6. When the quantity demanded falls due to a rise in price, it is called
- Extension
  - Upward shift
  - Downward shift
  - Contraction
7. Selling at a lower price in export market and at a higher price at home market is called
- Export subsidy
  - Dumping
  - Price cut
  - All of the above
8. The larger the diameter of a natural gas pipeline, the lower is the average total cost of transmitting 1,000 cubic feet of gas 1,000 miles. This is an example of
- Economies of scale
  - Normative economies
  - Diminishing marginal returns
  - An increasing marginal product of labour
- (8×½=4)**

PART – B

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

- Define business economics.
- What do you mean by normative economics ?
- Give the meaning of Ceteris Paribus.
- Distinguish between cross elasticity of demand and promotional elasticity of demand.
- What is explicit cost ?



14. Why LAC curve is known as a planning curve ? Explain.
15. What is price discount ?
16. Give the meaning of cost-plus pricing.
17. What is transfer pricing ?
18. What is internal rate of return ?
19. What do you mean by accounting rate of return ? (8×2=16)

PART – C

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

20. Briefly explain different basic tools in economics.
21. Differentiate between economic theory and business economics.
22. Explain economies of scale.
23. Explain the role of cost in pricing.
24. Distinguish between first degree price discrimination and second degree price discrimination.
25. Explain the problems and difficulties in capital budgeting. (4×5=20)

PART – D

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

26. Elucidate the role and responsibility of a business economist.
  27. Explain the various types of price elasticity of demand.
  28. What is pricing policy ? Explain the factors to be considered while making pricing policy.
  29. Explain the payback period method and net present value method of project appraisal. (2×10=20)
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