

(6 pages)

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SACO 11

B.Com. (CBCS) DEGREE EXAMINATION,  
NOVEMBER 2019.

First Semester

Commerce – Allied

BUSINESS ECONOMICS

(For those who joined in July 2016 onwards)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer:

- The term economics is derived from the following word \_\_\_\_\_.  
(a) Greek (b) Latin  
(c) Urudhu (d) None of these
- The basic economic problems are common to \_\_\_\_\_.  
(a) capitalism (b) socialism  
(c) mixed economy (d) all of these

3. Law of demand establishes \_\_\_\_\_.
- (a) inverse relationship between price and quantity
  - (b) positive relationship between price and quantity
  - (c) both
  - (d) none of these
4. Demand refers to \_\_\_\_\_.
- (a) The willingness and the ability to buy commodity
  - (b) shortage of a commodity
  - (c) surplus of a commodity
  - (d) want satisfying power of a commodity
5. If demand of the commodity changes with the change in price it is known as \_\_\_\_\_.
- (a) price elasticity
  - (b) income elasticity
  - (c) cross elasticity
  - (d) none of the above
6. Marginal utility is a function of \_\_\_\_\_.
- (a) demand
  - (b) supply
  - (c) cost
  - (d) consumption

7. Which cost increases continuously with the increase in production?
- (a) average cost
  - (b) marginal cost
  - (c) variable cost
  - (d) fixed cost
8. \_\_\_\_\_ is an addition to the total cost by adding one more unit of output.
- (a) Incremental cost
  - (b) Marginal cost
  - (c) Average cost
  - (d) Opportunity cost
9. Market price is a \_\_\_\_\_.
- (a) normal price
  - (b) short term price
  - (c) medium price
  - (d) long term price
10. \_\_\_\_\_ pricing results in allocative inefficiency not enough output is produced.
- (a) Monopoly
  - (b) Oligopoly
  - (c) Perfect competition
  - (d) All of the above

PART B — (5 × 5 = 25 marks)

Answer ALL questions, choosing either (a) or (b).

Answer should not exceed 250 words.

11. (a) Explain the definition of economics as given by Lionel Robbins.

Or

- (b) Explain the nature of economics.

12. (a) Explain the exemptions of law of demand.

Or

- (b) What do you mean by demand schedule?

13. (a) State the law of diminishing returns.

Or

- (b) What are ISO QUANTS?

14. (a) State the features of perfect competition.

Or

- (b) State the characteristics of monopolistics competition.

15. (a) What is short run average cost curve?

Or

(b) What are the different types of supply curve?

PART C — (5 × 8 = 40 marks)

Answer ALL questions, choosing either (a) or (b).

Answer should not exceed 600 words.

16. (a) "Business economics facilitates forward planning and decision making" – Discuss.

Or

(b) Explain the various concepts of economics.

17. (a) Why does the demand curve slope downwards?

Or

(b) Explain the methods of measuring the elasticity of demand.

18. (a) Define supply. Explain the law of supply.

Or

(b) What are the determinants of elasticity of supply?

19. (a) Examine how a producer achieves an optimum or least cost combination of factors of production.

Or

- (b) Explain :
- (i) Real cost and opportunity cost
  - (ii) Replacement cost and historical cost
  - (iii) Incremental cost and sunk cost.

20. (a) Define monopoly. Explain how is price determined under monopoly.

Or

- (b) What is monopolistic competition? How are price and output determined under monopolistic competition?
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