

**PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)**

**BVoc DEGREE EXAMINATION MAY 2025
(Third Semester)**

Branch – BANKING, STOCK AND INSURANCE

BUSINESS ECONOMICS

Time: Three Hours

Maximum: 75 Marks

SECTION-A (10 Marks)

Answer ALL questions

ALL questions carry EQUAL marks

(10 × 1 = 10)

Module No.	Question No.	Question	K Level	CO
1	1	Economics is _____. a) Positive science b) normative science c) both (a) and (b) d) Social science	K1	CO1
	2	What do you mean by a mixed economy? a) Modern and traditional industries b) Public and private sectors c) Foreign and domestic investments d) <i>Commercial and subsistence farming</i>	K2	CO1
2	3	The law of demand explains the relationship between: a) Price and supply b) Quantity demanded and supply c) Price and quantity demanded d) Supply and demand	K1	CO2
	4	What do you mean by the demand of a commodity? a) Desire for the commodity b) Need for the commodity c) Quantity demanded of that commodity d) <i>Quantity that consumers are able and willing to buy at various prices during any particular period of time</i>	K2	CO2
3	5	Average revenue is otherwise known as _____. a) Demand b) Price c) Supply d) None of these	K1	CO3
	6	For maximizing profits in the short run, the condition is _____. a) AR=AC b) MR=MC c) MR=AR d) MC=AC	K2	CO3
4	7	Total number of factors of production are _____. a) 2 b) 3 c) 4 d) 5	K1	CO4
	8	The production function shows the relationship between: a) Income and expenditure b) Land and labour c) Input and output d) Demand and supply	K2	CO4
5	9	Product differentiation is the feature of _____. a) Monopoly competition b) Perfect competition c) Monopolistic competition d) Oligopoly competition	K1	CO5
	10	"Wages are typically compensated in what form"? a) Supply b) Demand c) Money d) Output	K2	CO5

Cont...

SECTION - B (35 Marks)Answer **ALL** questions**ALL** questions carry **EQUAL** Marks

(5 × 7 = 35)

Module No.	Question No.	Question	K Level	CO
1	11.a.	Examine the objectives of business economics.	K4	CO1
	(OR)			
	11.b.	Analyze the basic concepts of economics.		
2	12.a.	Examine the determinants of law of demand.	K4	CO2
	(OR)			
	12.b.	Analyze the factor affecting advertising elasticity of demand.		
3	13.a.	Evaluate briefly the concept of Consumer's equilibrium.	K5	CO3
	(OR)			
	13.b.	Assess the concept of "Cardinal utility analysis."		
4	14.a.	Justify the significance of the law of variable proportion.	K5	CO4
	(OR)			
	14.b.	Discuss the implications of cost minimization.		
5	15.a.	Distinguish between perfect competition and pure competition.	K6	CO5
	(OR)			
	15.b.	Describe the fixation prices in railways.		

SECTION -C (30 Marks)Answer **ANY THREE** questions**ALL** questions carry **EQUAL** Marks

(3 × 10 = 30)

Module No.	Question No.	Question	K Level	CO
1	16	Examine the incremental concept and distinguish it from marginal concept.	K4	CO1
2	17	"Differentiate between the types of elasticity of demand and explain how each type affects consumer behavior and pricing decisions."	K4	CO2
3	18	Examine the importance of the law of diminishing marginal utility and explain how it influences consumer choices and market behavior.	K4	CO3
4	19	Discuss the Law of Returns to Scale and illustrate how it affects production efficiency.	K4	CO4
5	20	Describe the process of price determination under monopoly and illustrate its impact on market outcomes.	K4	CO5