

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

**BCom DEGREE EXAMINATION DECEMBER 2025
(Third Semester)**

Branch – **COMMERCE**

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	The primary objectives of business economics _____ a) Welfare of the society b) Profit maximization c) Maximization of government revenue d) Maximization of employment	K1	CO1
	2	The central Problems of an economy is _____ a) What to produce b) How to produce c) for whom to produce d) All of the above	K2	CO1
2	3	_____ is essential for demand. a) Desire only b) Ability to pay only c) Willingness and ability to pay d) Only willingness to buy	K1	CO2
	4	The concept of elasticity of demand was given by _____ a) Adam Smith b) Alfred Marshall c) Lionel Robbins d) J.M. Keynes	K2	CO2
3	5	Which of the following depends on accuracy of demand forecasting? a) The skill of workers b) The size of the firm c) The availability of reliable data d) The number of competitors	K1	CO3
	6	Which of the following is a quantitative method of demand forecasting? a) Consumer Survey Method b) Expert Opinion Method c) Trend Projection Method d) Market Experiment Method	K2	CO3
4	7	Which one of the following formula represents the function $Q = aL^bK^c$, "a"? a) Total cost b) Technological constant or efficiency factor c) Marginal productivity d) Total revenue	K1	CO4
	8	The slope of an isoquant is known as — a) Marginal Rate of Substitution (MRS) b) Marginal Rate of Technical Substitution (MRTS) c) Marginal Propensity to Consume (MPC) d) Marginal Product of Labour (MPL)	K2	CO4
5	9	Which of the following is a method of calculating National Income? a) Income Method b) Expenditure Method c) Product/Output Method d) All of the above	K1	CO5
	10	Which of the following is a type of monopoly? a) Natural Monopoly b) Legal Monopoly c) Pure Monopoly d) All of the above	K2	CO5

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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.	Explain the Scope of business economics.	K4	CO1
	(OR)			
	11.b.	Examine the objectives of a modern business firm		
2	12.a.	Dissect reasons for the downward sloping demand curve.	K5	CO2
	(OR)			
	12.b.	Distinguish clearly between income elasticity of demand and cross elasticity of demand.		
3	13.a.	Classify the various types of demand forecasting.	K4	CO3
	(OR)			
	13.b.	Examine the forecasting demand for a new product.		
4	14.a.	Explain about the Isoquants.	K5	CO4
	(OR)			
	14.b.	Determine the relationship between TC, MC and AC		
5	15.a.	Explain the various types of market.	K5	CO5
	(OR)			
	15.b.	Explain the various concepts of measuring national income.		

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	Distinguish the difference between Micro and Macro Economics.	K4	CO1
2	17	Explain why does Demand Curve is slopes Downward?	K5	CO2
3	18	Elaborate the criteria for the choice of Good Forecasting Method	K5	CO3
4	19	Evaluate the economies of scale and diseconomies of scale	K5	CO4
5	20	Explain the features of Perfect Competition and its price and output determination in short run?	K5	CO5