

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

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

Branch – **COMMERCE (PROFESSIONAL ACCOUNTING)**

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 method that explains economic principles with the help of graphs and equations is: a) Deductive method b) Inductive method c) Mathematical method d) Historical method	K1	CO1
	2	Scarcity of resources gives rise to which economic problem? a) Unlimited resources b) Choice problem c) Equilibrium problem d) Overproduction problem	K2	CO2
2	3	Demand for a commodity refers to: a) Quantity a consumer desires to buy b) Quantity actually bought at a given price and time c) Quantity produced by firms d) Quantity supplied by sellers	K1	CO1
	4	Cross elasticity of demand refers to change in demand of: a) Same commodity when its price changes b) One commodity when another commodity's price changes c) A commodity when income changes d) A commodity when supply changes	K2	CO2
3	5	In cost concepts, Total Cost (TC) = a) Fixed Cost – Variable Cost b) Fixed Cost + Variable Cost c) Marginal Cost + Average Cost d) Price × Quantity	K1	CO1
	6	In Perfect Competition, price is determined by: a) Individual firm b) Government c) Industry demand and supply d) Monopoly firm	K2	CO1
4	7	The phase of business cycle where output and employment decline is: a) Boom b) Recovery c) Recession d) Prosperity	K1	CO2
	8	Management of public debt refers to: a) Borrowing and repayment of government loans b) Borrowing by private individuals c) Loans between banks d) Personal finance management	K2	CO1
5	9	Monetary policy is controlled by: a) State Government b) Reserve Bank of India c) Ministry of Commerce d) Individual banks	K1	CO2
	10	Theory of Comparative Advantage in trade was given by: a) Adam Smith b) David Ricardo c) Alfred Marshall d) J.M. Keynes	K2	CO1

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.	Define Business Economics and explain its scope.	K1	CO1
		(OR)		
	11.b.	List the central economic problems of an economy.		
2	12.a.	Explain the law of supply with a simple illustration.	K2	CO2
		(OR)		
	12.b.	Describe the concept of demand forecasting and its significance.		
3	13.a.	Demonstrate the importance of factors of production in business decision-making.	K3	CO3
		(OR)		
	13.b.	Examine the concept of returns to scale and its impact on production efficiency.		
4	14.a.	Interpret the concept of public debt management in government finance.	K3	CO3
		(OR)		
	14.b.	Discuss the fiscal functions of the Centre and State.		
5	15.a.	Interpret the importance of monetary policy in controlling the economy.	K4	CO5
		(OR)		
	15.b.	Analyze the theories of international trade and their relevance today.		

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	Illustrate the concept of the Production Possibility Curve (PPC).	K2	CO2
2	17	Apply the concept of elasticity of supply and explain its importance.	K2	CO2
3	18	Show how cost concepts help us understand cost curve behavior in production analysis.	K3	CO3
4	19	Assess the role of government budgeting in economic development.	K4	CO4
5	20	Critically examine the effects of exchange rate on the economy.	K5	CO4

Z-Z-Z

END