PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)
BVoc DEGREE EXAMINATION DECEMBER 2025
(Third Semester)

Branch – BANKING, STOCK & 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	What is the fundamental economic problem? a) Unemployment b) Inflation c) Scarcity d) Poverty	K1	CO1
	2	What is the opportunity cost pf choosing to spend money on a vacation? a) The cost of the vacation itself b) The alternative uses of the money spent to the vacation c) The cost of transportation to the vacation destination d) The cost of food and accommodations during the vacation	K2	CO1
2	3	What is the law of demand? a) The quantity demanded of a good increases as its price increases b) The quantity demanded of a good decreases as its price increases c) The quantity demanded of a good remains constant regardless of its price d) The quantity demanded of a good is unrelated to its price	K1	CO2
	4	What is the significance of elasticity of demand? a) It helps business understand how changes in price or other factors will affect demand and revenue b) It helps business determine the price of a product or services c) It helps businesses analyze consumer behavior d) It helps businesses develop a marking strategy	K2	CO2
3	5	What is an indifference curve? a) A graphical representation of a consumers budget constraint b) A graphical representation of a consumers preferences c) A graphical representation of a consumers demand d) A graphical representation of a consumer supply curve	K1	CO3
3	6	What is the significance of indifference curves? a) They help us understand consumer behaviour and preferences b) They help us determine the price of a good c) They help us analyze the demand for a goods d) They help us understand the production process	K2	CO3

4	7	What is a production function? a) A mathematical representation of the relationship between input and outputs b) A graphical representation of the relationship between inputs and outputs c) A table showing the different combinations of inputs and outputs d) A chart showing the production levels of a firm	K1	CO3
	8	What type of returns to scale is exhibited by a linear homogeneous production function? a) Increasing returns to scale b)Decreasing returns to scale c) Constant returns to scale d) Variable returns to scale	K2	CO4
5	9	What is main objective of pricing policy in perfect competition? a) To maximize profit b) To survive in the market c) To increase market share d) To minimize costs	K1	CO4
	10	In the short period a perfectly competitive firms supply curve is determined by a) Marginal revenue b) Marginal cost c) Average cost d)) Average revenue	K2	CO5

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.	Discuss about the scope of Economics.	K2	CO1
		(OR)		
	11.b.	Explain the Incremental and marginal concepts.		CO1
2	12.a.	Describe the law of Demand	K3	CO2
		(OR)		
	12.b.	What are the survey method of demand forecasting briefly		CO2
3	13.a.	Explain the law of diminishing marginal utility.	K3	CO3
		(OR)		
	13.b.	List out the Income effects on consumer Equilibrium.		CO3
4	14.a.	Discuss the law of Returns to scale and it's implication for production.	K3	CO4
		(OR)		
	14.b.	Bring out the law of variable proportion.		CO5
5	15.a.	Explain the objective of pricing policy.	K3	CO5
		(OR)		
	15.b.	Discuss the concept of price discrimination and it's significance in monopoly.		CO5

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	Enumerate the concepts of efficiency	K4	CO1
2	17	Analyze the types of elasticity demand	K4	CO2
3	18	Narrate the law of equimarginal utility	K4	CO3
4	19	Elaborate the economies of scale of production	K4	CO4
5	20	How will you determine long run normal price a Firm and Industry.	K4	CO5

Z-Z-Z   END