

LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034**B.Com. DEGREE EXAMINATION – HONOURS****SECOND SEMESTER – APRIL 2023****UBH 2503 – BUSINESS ECONOMICS**

Date: 29-04-2023

Dept. No.

Max. : 100 Marks

Time: 01:00 PM - 04:00 PM

SECTION A - K1 (CO1)**Answer ALL the Questions****(10 x 1 = 10)****1. Answer the following**

- a) What is Mercantile Theory?
- b) List various types of Business Decisions that managers have to make.
- c) National Income = NNP – Indirect Taxes + Subsidies. Briefly explain.
- d) What are the 3 key factors of demand?
- e) Define the law of DMU.

2. Match the following

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|--|------------------------|
| a) An Inquiry into nature and causes of wealth of nation | 1. Marginal cost |
| b) Cannot be reported as cash outlays in accounting books. | 2. Adam Smith |
| c) Change in the total cost that arises when the quantity is incremented | 3. Perfect substitutes |
| d) Aavin Butter and Amul Butter | 4. Complementary goods |
| e) Mobile phones & mobile covers | 5. Implicit costs |

SECTION A - K2 (CO1)**Answer ALL the Questions
10)****(10 x 1 =****3. State True or False**

- a) The demand for inexpensive goods rises with an increase in consumers' income until a certain level after that it becomes constant. (True/False)
- b) Ceteris Paribus means other factors being constant (True/False)
- c) A higher demand for burqas in the gulf nations is an outcome of climatic factors. (True/False)
- d) There is a negative relationship between price and quantity supplied. (True/False)
- e) Veblen goods is that as its price increases, the demand also increases (True/False)

4. Fill in the blanks

- a) Law of DMU is also known as _____
- b) _____ curves are shown convex to the origin.
- c) Isoquants, where the term Iso implies _____ and quant means quantity.
- d) Tea and coffee are substitute goods. If the price of tea rises, consumers will shift to coffee. The demand curve will slope _____
- e) The budget line, also known as the _____

SECTION B - K3 (CO2)**Answer any TWO of the following
20)****(2 x 10 =**

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| 5. | Explain the following concepts
a. Externalities
b. Law of DMU |
| 6. | Analyse the short run and long run equilibrium of a firm working under Monopolistic competition |
| 7. | Elucidate the different types of costs. |
| 8. | What is National Income Accounting? Explain its components. |

SECTION C – K4 (CO3)**Answer any TWO of the following****(2 x 10 = 20)**

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| 9. | Explain the elasticities of demand. |
| 10. | Analyse Adam Smith's Free Market Mechanism. |
| 11. | Explain the law of DMU with its assumptions and criticisms. |
| 12. | <p>According to a study conducted by IKON Marketing Consultants India, an Ahmedabad-based market research firm, the bottled water market in India is estimated to be ` 8,000 crores. The bottled water market is growing at a compound annual growth rate (CAGR) of 19%, which is expected to grow over four-folds by 2020. According to the report, consumers' increasing awareness for health and safety, scarcity of safe drinking water, and aggressive expansion by market players are the reasons behind the expansion of the bottled water industry during the past decade. Because of an outburst of waterborne diseases, consumers have become concerned about their health and safety. They do not mind spending on bottled water in spite of its higher per unit cost against tap water. The awareness about the need for safe drinking water has spread even in rural areas and small towns, which has aggravated the sale of bottled water all over the country. Apart from this, factors, such as increased disposable income of consumers, growth of organised retail, and focus on product extension and quality, may further stimulate the growth of the industry.</p> <p>What are the factors Influencing the behaviour of consumer in demanding a commodity?</p> |

SECTION D – K5 (CO4)**Answer any ONE of the following****(1 x 20 = 20)**

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| 13. | Elucidate the various determinants of demand. |
| 14. | Explain Game theory and its relevance in business decision making. Illustrate with an example. |

SECTION E – K6 (CO5)**Answer any ONE of the following****(1 x 20 = 20)**

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| 15. | Explain and illustrate the law of variable proportions. |
| 16. | What are the different methods of computing National Income? |
