

Roll.No.

24UPACT1003

SHRIMATHI DEVKUNVAR NANALAL BHATT VAISHNAV COLLEGE FOR WOMEN
(AUTONOMOUS)

(Affiliated to the University of Madras and Re-accredited with 'A+' Grade by NAAC)
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B.Com. PA - END SEMESTER EXAMINATIONS - NOVEMBER 2025
SEMESTER - I

24UPACT1003 - Business Economics

Total Duration : 2 Hrs.30 Mins.

Total Marks : 60

Section B

Answer any **TWENTY** questions ($20 \times 2 = 40$ Marks)

1. Which of the following best defines Business Economics?
 - a) Study of social behaviour
 - b) Application of economic theory in business decisions
 - c) Study of human anatomy
 - d) Study of traveller
2. Returns to scale relate to:
 - a) Change in costs
 - b) Output change due to input change in the long run
 - c) Input prices
 - d) Demand variations
3. Which of the following best defines 'price rigidity' in oligopoly?
 - a) Constant price due to government
 - b) Frequent changes in price
 - c) Price remains stable despite cost changes
 - d) Free market pricing
4. What is a business cycle?
 - a) A cycle of product innovation
 - b) A regular change in interest rates
 - c) Fluctuations in economic activity over time
 - d) Movement in stock prices
5. Price Elasticity of Demand measures:
 - a) Effect of tax
 - b) Response of demand to price changes
 - c) Market competition
 - d) Total supply
6. When input increases lead to more than proportional increase in output, it is called
 - a) Decreasing returns to scale
 - b) Constant returns
 - c) Increasing returns to scale
 - d) Negative returns
7. In which market do firms have some control over prices due to product differentiation?
 - a) Perfect competition
 - b) Monopolistic competition
 - c) Monopoly
 - d) Oligopoly

Contd...

8. What typically happens during the peak phase of a business cycle?
 - a) Economic activity is at its lowest
 - b) Inflationary pressures may rise
 - c) Employment is falling
 - d) Consumer spending is declining
9. Identify a characteristic of the capitalist economy.
 - a) State ownership
 - b) Command pricing
 - c) Central planning
 - d) Market-driven price mechanism
10. Market equilibrium occurs when:
 - a) Demand is zero
 - b) Supply is more than demand
 - c) Quantity demanded equals quantity supplied
 - d) Government fixes prices
11. In monopolistic competition, firms compete based on:
 - a) Price only
 - b) Product differentiation and advertising
 - c) Cost cutting
 - d) Government regulation
12. Social efficiency is achieved when:
 - a) Resources are misallocated
 - b) Market price exceeds cost
 - c) Marginal benefit equals marginal cost
 - d) There is government monopoly
13. What is the scope of Business Economics?
 - a) Only national-level planning
 - b) Analysis of consumer behaviour, cost, and production
 - c) Purely theoretical
 - d) Limited to marketing
14. Which cost curve is U-shaped due to increasing and then decreasing returns? a) Fixed cost b) Average cost c) Variable cost d) Total cost
15. Why do oligopolistic firms engage in strategic decision-making?
 - a) Because they produce identical goods
 - b) Because they are regulated
 - c) Because their actions affect and are affected by rivals
 - d) Because of free entry and exit
16. During which phase is unemployment lowest?
 - a) Recession
 - b) Trough
 - c) Expansion
 - d) Contraction
17. Which of these is an example of cross elasticity?
 - a) Coffee and tea
 - b) Pen and paper
 - c) Shoes and socks
 - d) Sugar and rice

Contd...

18. Producer's equilibrium is achieved when:
- Total cost is minimized
 - Marginal cost equals marginal revenue
 - Average cost is constant
 - Output is zero
19. Law of variable proportions is also known as _____
- law of demand
 - law of supply
 - law of diminishing returns
 - law of increasing returns
20. Which phase follows a peak in the business cycle?
- Expansion
 - Boom
 - Contraction
 - Trough
21. How does Business Economics aid decision making?
- By ignoring data
 - By applying economic theories to practical problems
 - By studying history
 - By focusing on legal issues
22. The central problem of an economy is _____
- What to produce
 - how to produce
 - for whom to produce
 - all the above
23. The law of returns to scale applies in _____
- short run
 - long run
 - very short run
 - None of these
24. Which of the following actions might a central bank take during a recession to stimulate the economy?
- Raise interest rates
 - Decrease money supply
 - Lower interest rates
 - Cut government spending
25. Which mechanism helps in solving economic problems in a market economy?
- Government policy
 - Price mechanism
 - Random choice
 - Monopoly

Section C

Answer any **FOUR** questions ($4 \times 5 = 20$ Marks)

26. Describe the term Business Economics. Explain its nature.
27. Apply the Factor determinants of elasticity of demand.

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28. Examine the Theory of Cost.
29. Classify the various Market Forms. Explain its features.
30. Assess the different phases of business cycle.
31. Explain the determination of Equilibrium Price.
