



**Avinashilingam Institute for Home Science and Higher Education for Women**  
(Deemed to be University Estd. u/s 3 of UGC Act 1956, Category 'A' by MHRD)  
Re-accredited with 'A++' Grade by NAAC. Recognised by UGC Under Section 12B  
Coimbatore - 641 043, Tamil Nadu, India

**Bachelor's Degree Examination – November 2024**  
**I Semester**

**Class : I UG**  
**Major : BBA**

**Time : 3 Hours**  
**Max. Marks : 100**

**24BBAC02 Business Economics**

**Course Outcomes:**

- CO1: Analyze economic problems and correlate scarcity with the requirements
- CO2: Evaluate demand and analyze cost to optimize cost-production combination
- CO3: Understand the effects of supply and make a relation between supply and production
- CO4: Recognize the existing market and take appropriate decision
- CO5: Analysis different theories of determination of factor prices.

**Part A**

**10 x 1 = 10**

**Choose the Correct Answer**

1. Which of the following is defined as the study of the aggregate economy studied as a whole? CO2K1
  - a. Mathematical economics
  - b. Econometrics
  - c. Macroeconomics
  - d. Microeconomics
2. What is the main economic problem faced by the society? CO2K1
  - a. Unemployment
  - b. Inequality
  - c. Poverty
  - d. Scarcity
3. What assumption is made while drawing the demand curve? CO2K1
  - a. The demand curve must be linear
  - b. The price of substitutes should not change
  - c. The quantity demanded should not change
  - d. The price of the commodity should not change.
4. State the law that defines the demand curve to slope downward \_\_\_\_\_ CO3K1
  - a. diminishing marginal utility
  - b. utility maximization
  - c. utility minimization
  - d. consumer equilibrium
5. Law of variable proportion is valid when \_\_\_\_\_. CO3K1
  - a. only one input is fixed and all other inputs are kept variable
  - b. all factors are kept constant
  - c. all inputs are varied in the same proportion
  - d. none of the above
6. If marginal revenue is equal to zero, then \_\_\_\_\_. CO3K1
  - a. total revenue is zero.
  - b. average revenue is zero.
  - c. total revenue is at a maximum or a minimum.
  - d. average revenue is at a maximum or a minimum.
7. Zach conducted a market research study to learn what consumers would pay. Zach appears to be using which type of pricing method? CO3K1
  - a. cost-plus Pricing
  - b. target-profit Pricing
  - c. value-based Pricing
  - d. going-rate Pricing
8. Which of the following statements is true about a monopolist? CO3K1
  - a. A monopolist is a price taker
  - b. A monopolist is a price maker
  - c. A monopolist is a price acceptor
  - d. A monopolist is a price taker
9. Balance of Payments is calculated using the \_\_\_\_\_ accounting system. CO3K1
  - a. entrances with a single door
  - b. two-entry
  - c. in cash
  - d. accrual accounting
10. Select a peak in the business cycle \_\_\_\_\_. CO3K1
  - a. is a temporary minimum point
  - b. occurs when the inflation rate is its lowest
  - c. is a temporary maximum point
  - d. occurs when the unemployment rate is its greatest

**Part B**  
**Answer ALL questions**  
**Each answer should not exceed 400 words or two pages**

**5 x 6 = 30**

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| 11.a. Outline the scope and application of managerial economics?<br>(or)             | CO2K4 |
| 11.b. Illustrate the responsibility of a Managerial Economist.                       | CO2K4 |
| 12.a. Measure the formula for the theory of demand and supply?<br>(or)               | CO2K5 |
| 12.b. Justify the Objectives of Demand Forecasting?                                  | CO3K5 |
| 13.a. Interpret the production function and the law of variable proportions?<br>(or) | CO3K2 |
| 13.b. Explain Isoquant curves.   | CO3K2 |
| 14.a. Explain Target Pricing.<br>(or)  | CO4K2 |
| 14.b. Illustrate Oligopoly.  | CO4K2 |
| 15.a. Analyze GDP in detail.<br>(or)   | CO4K4 |
| 15.b. Appraise Fiscal policy.  | CO4K4 |

**Part C**  
**Answer ALL questions**  
**Each answer should not exceed 800 words or four pages**

**5 x 12 = 60**

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| 16.a. Describe the Four Basic Problems of an Economy.<br>(or)                      | CO2K4 |
| 16.b. Describe the advantages and Limitations of Managerial Economics.             | CO2K4 |
| 17.a. Evaluate the methods used to project the demand forecasting.<br>(or)         | CO2K5 |
| 17.b. Assess Derivation of demand curve from price consumption curve.              | CO3K5 |
| 18.a. Differentiate between Implicit cost and Opportunity cost.<br>(or)            | CO3K2 |
| 18.b. Distinguish Average Revenue and Marginal Revenue.                            | CO3K2 |
| 19.a. Summarize the objective of business firm.<br>(or)                            | CO4K2 |
| 19.b. Generalize Factor Pricing in open market price fixing?                       | CO4K2 |
| 20.a. Estimate what is current account deficit in the balance of payments?<br>(or) | CO4K4 |
| 20.b. Organize the four phases of the business cycle in the illustration.          | CO4K4 |

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