

B.Com. DEGREE (C.B.C.S.S.) EXAMINATION, MARCH 2015**Sixth Semester****Complementary Course 11—PRINCIPLES OF BUSINESS DECISIONS****[For Model I B.Com.]**

Time : Three Hours

Maximum Weight : 25

*Answers may be written either in English or in Malayalam.***Part A***This section consists of four bunches of four questions each.**Each bunch carries a weight of 1.**Answer all questions.***I. Choose the correct answer from the choices given below :****1 Samuelson's definition of economics is known as :**

- | | |
|------------------------|--------------------------|
| (a) Wealth definition. | (b) Welfare definition. |
| (c) Growth definition. | (d) Scarcity definition. |

2 An increase in demand can result from :

- (a) A decline in market price.
(b) An increase in income.
(c) An increase in the price of complements.
(d) All of the above.

3 Isoquants explain production function with :

- | | |
|-----------------------|--|
| (a) All inputs. | (b) Two variable inputs. |
| (c) Two fixed inputs. | (d) One variable and one fixed inputs. |

4 No profit no loss pricing is known as :

- | | |
|----------------------------|-------------------------|
| (a) Cost plus pricing. | (b) Break-even pricing. |
| (c) Marginal cost pricing. | (d) Going rate pricing. |

II. Fill in the blanks :

- 5 Monetary policies are credit control measures adopted by _____.
6 The practice of charging high price in the beginning is called _____.
7 The practice of charging different price for the same product is termed as _____.
8 _____ method is used to measure elasticity of demand for small charges in price.

Turn over

III. State whether the following statements are True or False :

- 9 Downward shift in demand is known as decrease in demand.
- 10 During the boom phase of business cycle, the price and general business activity is below the normal.
- 11 Under price skimming, the price of the product will be very low.
- 12 Isquant curve are also known as different product curves.

III. Match the folowing :—

A

- 13 Least cost input combination
- 14 Demand forecasting
- 15 Time value of money
- 16 Innovation theory

B

- (a) Joseph Shumpeter.
- (b) Discounting principle
- (c) A.C. Pigou.
- (d) Regression analysis.
- (e) Producer's equilibrium.
- (f) Cobb Douglas.

(4 × 1 = 4)

Part B

Answer any five questions.

Each question carries a weight of 1.

- 17 State the Law of Demand.
- 18 Explain the term "derived demand".
- 19 What is cross elasticity of demand ?
- 20 What is production function ?
- 21 What is sunk-cost ?
- 22 Write a short note on the features of perfect competition.
- 23 Define Monopoly.
- 24 What is meant by depression ?

(5 × 1 = 5)

Part C

Answer any four questions.

Each question carries a weight of 2.

Answer should not exceed half a page.

- 25 Discuss briefly the different degrees of price elasticity.
- 26 Discuss the different statistical methods of demand forecasting.
- 27 What are internal economics of scale ?

- 28 Examine the various stages in the life-cycle of product.
- 29 What is price discrimination ? When is it possible and profitable ?
- 30 What are the evil effects of business cycle ?

(4 × 2 = 8)

Part D

*Answer any two questions.
Each question carries a weight of 4.
Answer not to exceed four pages.*

- 31 Discuss the main features of monopolistic competition and show how price is determined under it.
- 32 What is short run cost analysis ? For what type of decisions is it useful.
- 33 How does the analysis of demand contribute to business decision making ?

(2 × 4 = 8)