E 7539 (Pages : 3) Reg. No.....

Name.....

B.Com. DEGREE (C.B.C.S.S.) EXAMINATION, MARCH 2014

Sixth Semester

Complementary Course II—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.*

Section 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 choice given below :

1 Macro economics is the study of :

(a) A firm. (b) An individual.

(c) The economy as a whole. (d) None of these.

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 Climatic theory of Trade Cycles was developed by :

(a) A.C. Pigou. (b) Jevons.

(c) Hobson. (d) Joseph Schumpeter.

4 The Law of production in the short run is known as :

(a) Law of returns to scale.

(b) Law of increasing returns to scale.

(c) Law of constant returns to scale.

(d) None of these.

II. Fill up the blanks :

5 ———— is the functional relationship between input and output.

6 The equilibrium of a firm occurres when ————.

(a) P = MC. (b) MC = MR.

(c) P = MR. (d) AC = MC.

7 According to J.A. Hobson the main cause of trade cycle is ————.

8 The demand for the products of a particular firm is ————.

III. State whether the following statements are true *or* false.

9 Cost plus pricing is useful only for single product firms.

10 Inflation is defined as a high price level.

11 The optimum input combination is found out with the help of Demand and Supply curve.

12 Marginal cost is the addition to the total cost due to the production of an additional unit of Product.

IV. Match the following :—

A	B
13 Macro Economics	(a) Central Government.
14 Fiscal Policies	(b) Wrong combination of input.
15 Law of variable proportions	(c) Central Bank.
16 Promotional elasticity	(d) Demand forecasting.
	(e) National income.
	(f) Advertisement

(4 × 1 = 4)

Section B

Answer any **five** *questions.*
Each question carries 1 *weight.*

17 Define marginal cost.

18 What is advertisement elasticity ?

19 Calculate the price elasticity of demand if

Q_1 = 2000 units Q_2 = 3000 units

P_1 = Rs. 18. P_2 = Rs. 16.

20 Define Delphi method.

21 Define the concept of Isocost curve.

22 Define inputed costs.

23 Explain price leadership.

24 What is meant by business 'boom' ?

(5 × 1 = 5)

Section C

Answer any **four** *questions.*
Each question carries a weight of 1.
Answer should not exceed **half a page**.

25 Explain the law of returns to scale.

26 Briefly explain Hick's theory of business cycle.

27 What are the advantages of cost-plus pricing ?

28 Explain the features of monopolistic competition.

29 What is price discrimination ?

30 The short run cost-output relationship is the relationship between output and variable costs. Discuss.

(4 × 2 = 8)

Section D

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

31 What is decision making ? Discuss the various elements of decision making.

32 What are the determinants of market demand for commodity ? How do the charges in the following factors affect the demand for a commodity ?

(a) Price. (b) Income.

(c) Advertisement and. (d) Population.

33 Describe briefly the main functions of monetary and fiscal policies. Which of the *two* policies is more effective in controlling trade cycles in a developing economy ?

(2 × 4 = 8)