



**PRESIDENCY UNIVERSITY
BENGALURU**

**SCHOOL OF COMMERCE
END TERM EXAMINATION - JAN 2023**

Semester : SEMESTER - III
Course Code : SOC1002
Course Name : Sem III - SOC1002 - Business Economics
Program : B.Com (All)

Date : 11-JAN-2023
Time : 1.00PM - 4.00PM
Max Marks : 100
Weightage : 50%

Instructions:

- (i) Read all questions carefully and answer accordingly.
(ii) Question paper consists of 3 parts.
(iii) Scientific and non-programmable calculator are permitted.

PART A

ANSWER ALL THE FOLLOWING QUESTIONS

10 X 2 = 20M

1. The opportunity cost of an action is:
a) the value of the next best alternative that must be given up as a result of choosing that action
b) the value of the action itself
c) the cost of the resources used in the action
d) the value of the action minus the cost of the resources used
(CO1) [Knowledge]
2. The law of supply states that, other things being equal, the quantity of a good that a producer is willing to sell:
A. Increases as the price increases
B. Decreases as the price increases
C. Remains the same as the price increases
D. Increases as the price decreases
(CO2) [Knowledge]
3. The slope of the indifference curve is equal to which of the following?
A. One
B. Marginal utility
C. Marginal rate of substitution
D. None of these
(CO3) [Knowledge]
4. Which of the following is not a factor of production?
A. Land
B. Labor
C. Capital
D. Demand
(CO4) [Knowledge]

5. Marginal utility is:
a) the total utility a consumer receives from consuming a good or service
b) the utility a consumer receives from consuming one additional unit of a good or service
c) the change in total utility that results from consuming one additional unit of a good or service
d) the percentage change in total utility that results from consuming one additional unit of a good or service
(CO1) [Knowledge]
6. Which of the following is an assumption made while drawing the demand curve?
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
(CO2) [Comprehension]
7. Why is the indifference curve convex to origin?
A. Due to continuous decline of marginal rate of substitution
B. Due to law of diminishing marginal utility
C. Due to monotonic preferences
D. Both a and b
(CO3) [Comprehension]
8. The long run, as economists use the phrase, is characterized by:
A. At least one fixed factor of production.
B. The law of variable proportions
C. The law of Returns to scale
D. All inputs being fixed
(CO4) [Comprehension]
9. Law of demand shows a relation between the _____.
A. Quantity demand and quantity supply of a commodity
B. Income and quantity demand of a commodity
C. Price and quantity of a commodity
D. Income and price of a commodity
(CO2) [Comprehension]
10. The consumer's indifference curve represents:
a) the maximum amount of goods and services that a consumer can afford to purchase
b) the minimum amount of goods and services that a consumer must purchase
c) the combinations of two goods or services that give a consumer the same level of utility
d) the total cost of all goods and services that a consumer purchases
(CO1) [Comprehension]

PART B

ANSWER ALL THE FOLLOWING QUESTIONS

4 X 10 = 40M

11. State the nature and scope of managerial economics in detail. quote examples for each.
(CO1) [Comprehension]

12. Restate the meaning of Opportunity cost. Explain the working of production possibility frontier.
(CO2) [Comprehension]
13. The optimum choice of the consumer is identified on the point where the budget line and indifference curve are tangent to each other. Restate the same concept with neatly labeled diagram. Explain the changes in the Price and income that may cause a change in the optimum choice.
(CO3) [Comprehension]
14. Elaborate on the concept of the Isoquant curve. State the features/ properties of the Isoquant curve.
(CO4) [Comprehension]

PART C

ANSWER ALL THE FOLLOWING QUESTIONS

2 X 20 = 40M

15. How does ordinal utility analysis differ from cardinal utility analysis? Elucidate on the Cardinal utility analysis with the Law associated with that using numerical examples and neatly labeled diagrams.
(CO3) [Comprehension]
16. In the long run, all costs are variable. But In the short run, the costs of the firm are classified into variable and fixed costs. Differentiate in detail Short run and long run costs of a firm with the help of diagram and schedule.
(CO3,CO4) [Application]
