

BACHELOR'S DEGREE (C.B.C.S) EXAMINATION, MARCH 2025
2016, 2017 ADMISSIONS SUPPLEMENTARY
SEMESTER VI - CORE COURSE (ECONOMICS)
EC6B12B - Application of Economics in Business Operations

Time : 3 Hours**Maximum Marks : 80****Part A**

I. Answer all questions. Each question carries 1 mark **(6x1=6)**

1. How managerial economics related to economic theory?
2. If the income elasticity of demand is greater than one, then the commodity is treated in which category of goods?
3. Define diseconomies of scale.
4. Define opportunity cost.
5. What do you mean by incremental cost?
6. What is pricing policy?

Part B

II. Answer any Seven questions. Each question carries 2 marks **(7x2=14)**

7. What is the relationship between the fields of managerial economics, econometrics and mathematical economics?
8. Write 5 steps in the process of decision making.
9. What is Engel's law?
10. Write steps in Demand Estimation.
11. What you mean by auction?
12. Distinguish between business Profit and economic Profit.
13. Differentiate between variable cost and fixed cost.
14. Define isoquant curve.
15. What is mark-up pricing?
16. Write a note on Nash equilibrium.

Part C

III. Answer any Five questions. Each question carries 6 marks **(5x6=30)**

17. Discuss the origin of economics and its relationship with managerial economics.
18. What you mean by auctions?
19. How to calculate the value of the firm?
20. Write production analysis in the short run and long run.
21. Diagrammatically explain short run TFC, TVC, TC and AC and MC.
22. Using isoquant and iso-cost line show optimum combination of inputs in production.
23. Write a note on Game theory model in business context.
24. Mention various method of pricing.

Part D

IV. Answer any Two questions. Each question carries 15 marks **(2x15=30)**

25. Discuss various types of elasticity and its measurements. Suppose the market demand for playing cards is $Q = 60,00,000 - 10,00,000P$. Where Q = no. of decks of cards demanded each year and P is the price. For a price increase from Rs.2 to Rs.3 per deck, what is the arc price elasticity?
26. Why do firms exist? What are the constraints on the operation of the Firm and why do firms not grow largely?
27. Discuss various cost concepts and methods of cost estimation. And suppose the manufacturing department of Hindustan chemicals has developed the following cost output data for a proposed new plant to produce Ammonium Sulphate fertilizer. The cost function is $TC = 1016 - 3.36Q + 0.021Q^2$
- a) Estimate the AC and MC functions.
 - b) The current market prices of this fertilizer is Rs.5.50 per unit and is expected to remain at that level for the foreseeable future should the plant be built?
28. Evaluate the importance of investment analysis and various steps and methods of capital budgeting.