

Program: F.Y. B. Com Semester: II Program Code: UGCOM01

Course: Business Economics-I Course Code: NUCM203

Duration: 1 Hour Examination Pattern: NEP-Autonomous – External Max. Marks: 30

Instructions:

1. All questions are compulsory.
2. Figures to the right indicate full marks.
3. Draw neat diagrams wherever necessary.

Examination:

REGULAR

Q. 1	Answer the following:	Course Outcome	Knowledge Level	
(a)	Fill in the blanks with an appropriate answer from the alternatives given.	[05]		
	I In a perfectly competitive market, the demand curve faced by an individual firm is:	CO1-CO5	L1	
	a. Perfectly inelastic			b. Perfectly elastic
	c. Relatively inelastic			d. Unitary elastic
	II Under a monopoly, the degree of control over the price is:			
	a. None			b. Very large
	c. Limited			d. Dependent on consumer income
	III The kinked demand curve model is characteristic of which market structure?			
	a. Monopoly			b. Perfect Competition
	c. Monopolistic Competition			d. Oligopoly
	IV Which of the following is considered a traditional capital budgeting method that does not account for the time value of money?			
	a. Net Present Value (NPV)			b. Internal Rate of Return (IRR)
	c. Payback Period			d. Profitability Index (PI)
	V Under capital rationing, a firm should prioritize projects based on their: _____			
	a. Shorter payback period			b. Higher profitability index (PI)
	c. Higher internal rate of return (IRR)			d. Lower initial investment

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	(b) Explain any five concepts:	[10]																		
	I Total cost		CO1- CO5	L2																
	II Marginal revenue																			
	III Product differentiation																			
	IV Selling cost																			
	V Monopolistic competition																			
	VI Capital budgeting																			
	VII Internal rate of return																			
	VII Discount rate																			
	IX Risk and uncertainty																			
	X Sunk cost																			
Q. 2	Attempt any TWO of the following.	[15]	Course Outcome	Knowledge Level																
(a)	Given TFC 55, Calculate TC, AFC, AVC and MC.		CO3	L3																
	<table border="1"> <tr> <td>Output (Units)</td> <td>0</td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> <td>6</td> </tr> <tr> <td>TVC</td> <td>0</td> <td>30</td> <td>55</td> <td>75</td> <td>105</td> <td>135</td> <td>225</td> </tr> </table>	Output (Units)	0	1	2	3	4	5	6	TVC	0	30	55	75	105	135	225			
Output (Units)	0	1	2	3	4	5	6													
TVC	0	30	55	75	105	135	225													
(b)	What is monopoly? Explain in detail the sources of monopoly.		CO1	L2																
(c)	<p>Read the passage and answer the following questions: Capital Budgeting is a process of involving, planning, analysing, evaluating and selecting of the most profitable projects for investing the funds available to the firm. It has 3 techniques which includes payback period, net present value and internal rate of return. Payback period is the simplest method of capital budgeting. Internal rate of return is also called as yield of investment. Net present value is based on time value of money. Capital budget is fundamentally long-term process focusing major investment.</p> <p>Questions:</p> <ol style="list-style-type: none"> 1) Which is the simplest method of capital budgeting? 2) Is capital budgeting long term process? 3) Is capital budgeting focusing on major investment? 4) What is another name of internal rate of return? 5) Is a capital budgeting systematic process? 6) Is Net present value based on time value of money? 7) Write any three methods of capital budgeting? 		CO5	L4																
(d)	What are the steps in capital budgeting? Explain.		CO4	L2																

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