



I Semester M.Com. Examination, August/September 2021  
(CBCS Scheme)(2020 – 21 and Onwards)

COMMERCE

Paper-1.3 : Principles and Practices of Business Decisions

Time : 3 Hours

Max. Marks : 70

SECTION – A

Answer **any seven** questions out of ten. **Each** question carries **two** marks. (7×2=14)

1. a) What do you mean by mixed economy ?
- b) Differentiate between impact and incidence of taxation.
- c) What is indifference curve ?
- d) What is the meaning of production function ?
- e) Differentiate between skimmed and penetration pricing.
- f) Define the concept of GDP.
- g) What is the meaning of debt-trap ?
- h) Define the concept of primary deficit.
- i) What do you mean by income elasticity of demand ?
- j) Write the statement of law of returns to scale.

SECTION – B

Answer **any four** questions out of six. **Each** question carries **five** marks. (4×5=20)

2. The following data refer to sales, in thousands of rupees (X), of a certain product during five years.

Year	2016	2017	2018	2019	2020
Sales (S)	605	715	830	790	835

Assuming the present trend continues, forecast the demand for the year 2021 by using OLS method.

3. Briefly explain the scope of managerial economics.
4. Discuss the various types of canons of taxation.

P.T.O.



5. Using the information of the following table, find the AFC, AVC, AC and MC schedules.

Q	TFC	TVC	TC	AFC	AVC	AC	MC
1	120	60	180	?	?	?	?
2	120	80	200	?	?	?	?
3	120	90	210	?	?	?	?
4	120	105	225	?	?	?	?

6. Explain the theory of 'Product Life Cycle Model'.  
7. What is the meaning of firm and explain the various objectives of the firm ?

### SECTION – C

Answer **any two** questions out of four. **Each** question carries **twelve** marks. (2×12=24)

8. Critically explain the law of diminishing marginal utility of cardinal approach.  
9. What do you mean by economies of scale and diseconomies of scale ? Explain briefly the various types of real economies and pecuniary economies of scale.  
10. What are the different methods of calculation of national income ? Explain the each of methods of computation of national income accounting.  
11. What are various sources of public revenue ? Explain briefly the theory of principle of maximum social advantage.

### SECTION – D

Answer the following question.

(1×12=12)

12. The Ice Cream Parlor is the only ice cream parlor in the town. Krishna, a son of the owner, has just come back from college, where he majors in business administration. In his course in Managerial Economics, Krishna has just studied demand analysis, and he decides to apply what he has learned to estimate the demand for ice cream in his fathers' parlor during his summer vacation. Using regression analysis, Krishna estimates the following demand function :

$$Q_I = 120 - 20P_I$$

Where the subscript I refer to ice cream portions served per day in his fathers' parlor and  $P_I$  is the rupee price. Krishna then sets out to

- a) Derive the demand schedule for ice cream and plot it,  
b) Find the point price elasticity of demand at each rupee price from  $P = 6$  to  $P = 0$ , and  
c) Find the arc price elasticity of demand between consecutive rupee prices (i.e., between  $P = \text{Rs. } 6$  and  $P = \text{Rs. } 5$ ,  $P = \text{Rs. } 5$  and  $P = \text{Rs. } 4$  and so on).  
Show how Krishna would get his results.