

BBA DEGREE END SEMESTER EXAMINATION - APRIL 2026**UGP (HONS.) SEMESTER - 2: CORE COURSE****COURSE: 24UCCRBBA107: BUSINESS ECONOMICS***(For Regular 2025 and Improvement/Supplementary 2024 Admission)*

Time: 2 Hours

Max. Marks - 70

PART A**Answer any 5 questions. Each question carries 3 marks.**

1. Briefly describe the features of Managerial Economics. (U CO1)
2. What are the reasons for shift in demand curve? (A CO2)
3. Briefly describe any 3 types of consumption (A CO3)
4. State any 3 features of duopoly. (An CO5)
5. Briefly define cross elasticity of demand with an example. (U CO1)
6. Give Law of supply with diagram. (An CO4)
7. Differentiate between perfect competition and monopoly. (An CO5)
8. Differentiate between Marginal propensity to consume and average propensity to consume. (A CO3)

(3 x 5 = 15)**PART B****Answer any 3 questions. Each question carries 5 marks.**

9. Diagrammatically explain the types of price elasticity of demand as influencing firm behaviour. (A CO2)
10. Define kinked demand curve. What are the features of oligopoly market structure. (An CO5)
11. Explain how the principles of managerial economics helps the firms take business decisions. (U CO1)
12. Discuss how the law of diminishing utility helps the firms to understand consumer behaviour, with the help of a diagram. (U CO3)
13. Diagrammatically analyse the long run production through returns to scale. (An CO4)
14. Describe the steps and levels of demand forecasting used by the firms. (A CO2)

(5 x 3 = 15)

PART C

Answer any 1 question. Each question carries 20 marks.

15. Evaluate how the law of variable proportions explain short run production behaviour of firms. (An) (CO4)
16. What is demand forecasting? Write an essay on the various methods of demand forecasting. (A (CO2)
- (20 x 1 = 20)**

PART D

17. **Answer any 1 question. Each question carries 20 marks.**

Case description I:

The Indian Railways is a government-owned enterprise that provides railway transportation services across India. For a long time, it has been the sole provider of long-distance rail transport in the country, especially for passenger travel.

Indian Railways operates an extensive network connecting urban, semi-urban, and rural areas. Due to the massive investment required in infrastructure—such as tracks, stations, signalling systems, and rolling stock—no private company has been able to enter and compete at the same scale.

The railway system charges different fares for different classes (general, sleeper, AC classes) and for different categories of passengers (students, senior citizens, etc.). Though the service (transportation from one place to another) is essentially the same, prices vary based on comfort level and ability to pay. This helps the firm maximize revenue while also fulfilling social welfare objectives.

Another characteristic is the presence of high barriers to entry. The cost of setting up a railway network is extremely high, and it also requires government approvals, land acquisition, and technical expertise. These factors prevent new firms from entering the market easily. Additionally, since railways are considered a public utility service, the government maintains control to ensure affordability and accessibility.

In recent years, however, there have been limited attempts to introduce competition, such as private participation in certain premium trains and station management. Despite this, Indian Railways continues to dominate the sector because it owns the core infrastructure. This shows that even when small competitive elements are introduced, the overall market structure remains monopolistic due to control over essential facilities.

However, this market also has certain drawbacks. There may be less incentive to improve efficiency or innovate due to lack of competition. Issues like delays, overcrowding, and service quality sometimes arise. Still, in sectors like railways uniform service is ensured across the country and avoids duplication of costly infrastructure.

- a. Explain the features of the market structure highlighted in the case with suitable examples.
- b. Discuss how price discrimination is practiced by Indian Railways and its impact on different categories of passengers.
- c. Analyse the barriers to entry in the railway transport sector and explain why new firms find it difficult to enter.
- d. Examine the advantages and disadvantages of having a single dominant service provider in essential public utility sectors like rail transport.

OR

18. Case description II:

In the past few years, Kerala has witnessed a gradual but noticeable shift towards electric vehicles (EVs), particularly electric scooters, in urban centres such as Kochi, Kozhikode, and Thiruvananthapuram. Rising petrol prices, increasing environmental awareness, and supportive government policies have encouraged consumers to consider electric alternatives. Brands like Ola Electric and Ather Energy have expanded their presence in Kerala with showrooms and service centres.

Despite the relatively high initial cost of electric scooters compared to conventional petrol two-wheelers, many urban consumers—especially salaried professionals and students—are attracted by lower running costs, reduced maintenance, and government subsidies. At the same time, concerns regarding charging infrastructure, battery life, and resale value still influence purchasing decisions.

In recent months, some EV manufacturers have increased prices due to rising input costs and reduced subsidies. While higher-income consumers continue to purchase electric scooters, middle-income households have become more cautious, often postponing their purchase or opting for cheaper petrol vehicles. Additionally, the availability of substitutes such as fuel-efficient petrol scooters and public transport options has influenced demand patterns.

Seasonal offers, exchange bonuses, and financing schemes (EMIs) have also played a significant role in shaping demand. For instance, festive season discounts often lead to a temporary surge in sales, indicating sensitivity to price changes. Overall, the demand for electric scooters in Kerala reflects a mix of necessity, long-term cost considerations, and responsiveness to price and policy changes.

Answer the following questions:

- Discuss the concept of price elasticity of demand.
- Based on the case, analyse whether the demand for electric scooters is elastic or inelastic among different consumer groups, giving reasons.
- Examine the role of substitutes and complementary factors in determining demand. How do petrol scooters and public transport options affect the demand for electric scooters?
- Explain the concept of law of demand and identify the key factors affecting the demand for electric scooters in cities like Kochi.

(20 x 1 = 20)

Questions to Course Outcome Mapping

CO No.	Expected Course Outcome	Learning Domains*	Questions	Total Marks
1	Understand the basic concepts, features, and objectives of managerial economics and its role in business decision-making.	U	1,5,11,	13
2	Explain the theory of demand, elasticity, and demand forecasting methods for business applications	A	2,9,14,16,18	43
3	Describe consumption theories and apply indifference curve analysis in decision making.	A	3,8,12	13
4	Analyze production and cost concepts, laws of production, supply, and economies of scale	An	6, 13, 15,17	38
5	Differentiate between various market structures and their impact on pricing and competition.	An	4,7,10,18	31
*Remember (R), Understand (U), Apply (A), Analyse (An), Evaluate (E), Create (C)				