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# I Semester M.Com. Degree Examination, May 2024
## (CBCS Scheme) (2020 – 21 and Onwards)
## COMMERCE
## Paper – 1.3 : Principles and Practices of Business Decisions

Time : 3 Hours                                                                 Max. Marks : 70

SECTION – A

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

   a) Define the concept of NNP.

   b) State the differences between free market and perfect market.

   c) List out any four sources of public borrowings.

   d) What are canons of taxation ?

   e) State the importance of price elasticity of demand.

   f) What do you mean by ordinal utility approach ?

   g) Bring out the stages of production.

   h) Define skimming pricing.

   i) Write a short note on dumping strategies.

   j) Write the statement of law of returns of scale.

SECTION – B

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

2. What is the significance of managerial economics in modern business decision-making ?

3. From the following table, calculate price elasticity of demand by the percentage method.

| Price of X ₹ per unit | Total Expenditure (₹) |
|---|---|
| 4 | 600 |
| 5 | 525 |

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4. A manufacturing sector reports the following data on sales of a Product A against various years. Estimate the sales of a Product A for the next two years.

| | | | | | |
|---|---|---|---|---|---|
| **Year** | : 2021 | 2022 | 2023 | 2024 | 2025 |
| **Sales (in 000's)** | : 180 | 160 | 140 | 160 | 120 |

5. Discuss demand forecasting techniques.

6. Explain how pricing strategies influence various aspects of business decision-making processes.

7. What are the primary sources of public borrowing for governments ?

SECTION – C

Answer **any two** questions out of four. **Each** question carries **twelve** marks.

**(2×12=24)**

8. Compare and contrast the factors influencing demand for both consumer durable and non-durable goods.

9. Discuss the best practices for managing public finances effectively, ensuring sustainable levels of expenditure and borrowing while promoting economic development and social welfare.

10. Analyze how economies of scale influence production costs, pricing strategies and market competitiveness for firms.

11. Identify the different phases of the law of variable proportions from the following and also give reason behind each phase.

| | | | | | |
|---|---|---|---|---|---|
| **Units of variable input** | : 1 | 2 | 3 | 4 | 5 |
| **Total physical product (units)** | : 20 | 50 | 70 | 80 | 60 |

## SECTION – D

**Compulsory** skill based question on subject. **(1×12=12)**

12. Surya Textiles Limited (STL) is a medium-sized textile manufacturing company based in India, specializing in the production of cotton fabrics for both domestic and international markets. With a history spanning over three decades, STL has established itself as a reputable player in the Indian textile industry, renowned for its commitment to quality and innovation. However, in recent years, the company has encountered challenges related to the law of returns to scale as it strives to expand its operations to meet growing market demand.

    Despite its efforts to scale up operations, STL began experiencing diminishing returns to scale, particularly in certain segments of its business. As production volumes increased, the company encountered inefficiencies in its manufacturing processes, leading to higher production costs and reduced profitability. Surya Textiles Limited underscores the challenges and complexities associated with scaling operations in the textile industry amidst evolving market dynamics. By examining the company's experiences with diminishing returns to scale and its strategic responses, valuable insights emerge for textile manufacturers seeking to navigate similar challenges and drive sustainable growth. Ultimately, STL's journey highlights the importance of continuous adaptation, innovation and strategic planning in addressing the implications of the law of returns to scale and achieving long-term success in a competitive business environment.

    **Questions :**

    1) Does the company need to reassess its expansion plans in light of diminishing returns to scale ? Elaborate.

    2) How do these scale dynamics affect the company's ability to innovate, adapt to market changes, and sustain its competitive advantage over time ?