

SIXTH SEMESTER B.A. DEGREE EXAMINATION, MARCH/APRIL 2018**(CUCBCSS—UG)****Economics****ECO 6E 03—ECONOMICS OF BUSINESS AND FINANCE****Time : Three Hours****Maximum : 80 Marks***Answers may be written either in English or in Malayalam.***Part A***Answer all questions.**Each question carries ½ mark.*

1. The author of the wealth of Nation is :
(a) Adam Smith. (b) David Ricardo.
(c) Alfred Marshall. (d) Lionel Robbins.
2. Economics was classified into micro Economics and macro Economics by :
(a) Joel Dean. (b) Lionel Robbins.
(c) Paul Samuelson. (d) Ragnar Frisch.
3. Business Economics is a ——— science.
(a) Positive science. (b) Normative science.
(c) Both. (d) None of these.
4. Market in which prices of shares are going down is called :
(a) Stock market. (b) Bull market.
(c) Bear market. (d) Capital market.
5. Securities issued by the ultimate investors directly to the ultimate savers are referred to as :
(a) Primary Securities. (b) Secondary Securities.
(c) Indirect Securities. (d) None of these.
6. Which of the following is a hybrid security :
(a) Ordinary shares. (b) Debentures.
(c) Preference shares. (d) None of these.
7. Liabilities which are payable over a longer period of time is called :
(a) Current Liabilities. (b) Non-Current Liabilities.
(c) Both. (d) None of these.

Turn over

8. An example of cartel is _____.
(a) OECD. (b) EU.
(c) OPEC. (d) SAARC.
9. The price which is initially set low is called :
(a) Full cost price. (b) Penetration price.
(c) Psychological price. (d) Limit price.
10. In modern theory average variable cost is :
(a) L - Shaped. (b) U - Shaped.
(c) Flat U- Shaped. (d) Saucer - Shaped.
11. The ratio between quick assets and quick liabilities is called :
(a) Current Ratio. (b) Acid test Ratio.
(c) Cash Ratio. (d) None of these.
12. Computation of future value of money is called :
(a) Compounding. (b) Discounting.
(c) Adding up. (d) Forecasting.

(12 × ½ = 6 mark)

Part B (Very Short Answer Questions)

Answer any ten questions.

Each question carries 2 marks.

13. What do you mean by business Economics ?
14. Distinguish between equity shares and preference shares.
15. Write a note on investment decisions.
16. What is Current Ratio ?
17. Define break-even analysis.
18. What are internal economies ?
19. Distinguish between short run and long run production function.
20. What are opportunity cost ? Give some examples.
21. Define present value.
22. What is envelope curve ?
23. What is Delphi technique ?
24. What is first degree price discrimination ?

(10 × 2 = 20 marks)

Part C (Short Essay Questions)

Answer any six questions.

Each question carries 5 marks.

25. Write a note on the nature and scope of business Economics.
26. Discuss the various asset and liability accounts found on a company's balance sheet.
27. Discuss the process of capital budgeting.
28. State and explain the law of variable proportions.
29. Explain Cobb-Douglas production function.
30. Show the relationship between AVC, AFC, AC and MC.
31. Explain briefly the various pricing strategies.
32. Distinguish between compounding and discounting.

(6 × 5 = 30 marks)

Part D (Essay Questions)

Answer any two questions.

Each question carries 12 marks.

33. What is demand forecasting ? Explain in brief the various methods of forecasting demand for established products and new products.
34. Explain in detail the break even analysis in the profit planning. What are the uses of break even analysis ?
35. What are the different types of financial ratios used for evaluating balance sheet ?
36. Discuss the various economies and diseconomies of scale.

(2 × 12 = 24 marks)

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(Pages : 4)

Name.....

Reg. No.....

SIXTH SEMESTER B.A. DEGREE EXAMINATION, MARCH/APRIL 2018

(CUCBCSS—UG)

Economics

ECO 6E 03—ECONOMICS OF BUSINESS AND FINANCE

(Multiple Choice Questions for SDE Candidates)

Time : 15 Minutes

Total No. of Questions : 20

Maximum : 20 Marks

INSTRUCTIONS TO THE CANDIDATE

1. This Question Paper carries Multiple Choice Questions from 1 to 20.
2. The candidate should check that the question paper supplied to him/her contains all the 20 questions in serial order.
3. Each question is provided with choices (A), (B), (C) and (D) having one correct answer. Choose the correct answer and enter it in the main answer-book.
4. The MCQ question paper will be supplied after the completion of the descriptive examination.

ECO 6E 03—ECONOMICS OF BUSINESS AND FINANCE

(Multiple Choice Questions for SDE Candidates)

1. Business economics lie at the borderline between economics and _____.
(A) Political science. (B) Commerce.
(C) Management. (D) Statistics.
2. Planning for future is also called :
(A) Logistic planning. (B) Capital planning.
(C) Forward planning. (D) None of the above.
3. The cost of next best alternative is called _____.
(A) Opportunity cost. (B) Marginal cost.
(C) Total cost. (D) Sink cost.
4. Who is the author Principles of Economics :
(A) Adam Smith. (B) Alfred Marshall.
(C) J M Keynes. (D) Friedman.
5. Production function shows _____ relation between input and output
(A) Technical. (B) Functional.
(C) All of the above. (D) None of the above.
6. A negative income elasticity of demand for a commodity indicates that as income falls, the amount of the commodity purchased :
(A) Rises. (B) Falls.
(C) Remains unchanged. (D) None of the above.
7. If the income elasticity of demand is greater than one, then the commodity is :
(A) Necessity. (B) Luxury.
(C) Inferior. (D) Non-related commodity.

8. If the amount of the commodity purchased remains unchanged when the price of another commodity changes, the cross elasticity of demand between them will be :
- (A) Positive. (B) Negative.
(C) Zero. (D) One.
9. A fall in income of the consumer, other things being equal, causes :
- (A) Increase in demand. (B) Decrease in demand.
(C) Increase in quantity demanded. (D) Decrease in quantity demanded.
10. Which of the following Elasticities measure movement along a curve, rather than a shift in the curve ?
- (A) Price elasticity of demand. (B) Income elasticity of demand.
(C) Cross elasticity of demand. (D) None of the above.
11. Cross elasticity of demand in the case of substitutes :
- (A) Zero. (B) Negative.
(C) Positive. (D) Infinity.
12. When $Q = f(P)$, the elasticity coefficient is measured by ?
- (A) $\Delta Q / \Delta P / P / Q$. (B) $\Delta P / \Delta Q * Q / P$.
(C) $\Delta Q / \Delta P * P / Q$. (D) $\Delta P / \Delta Q / P / Q$.
13. In the case of luxury goods, the income elasticity of demand will be :
- (A) Less than unity. (B) Unity.
(C) More than unity. (D) All the above.
14. The change in demand is due to the change in :
- (A) Income. (B) Own price.
(C) Prices of related products. (D) Expectations.
15. The price is kept artificially low in :
- (A) Price skimming. (B) Limit pricing.
(C) Full cost pricing. (D) Psychological pricing.

Turn over

16. A fall in the price of the commodity holding everything else constant results in :
(A) Increase in demand. (B) Decrease in demand.
(C) Increase in quantity demanded. (D) Decrease in quantity demanded.
17. When an individual's income rises, when everything else remains the same, his demand for normal goods ?
(A) Rises. (B) Falls.
(C) Remains the same. (D) Any of the above is possible.
18. Business economics is the application of ——— to business management.
(A) Commerce. (B) Management.
(C) Economics. (D) Finance.
19. Market in which securities are issued for the first time is ———.
(A) Secondary market. (B) Primary market.
(C) Tertiary market. (D) Money market.
20. Market in which prices of shares are going up is called ———.
(A) Bull market. (B) Bear market.
(C) Stock market. (D) Capital market.