

**D 40207**

**(Pages : 3)**

**Name.....**

**Reg. No.....**

**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)