

**C 60222-A**

(Pages : 4)

Name.....

Reg. No.....

**SIXTH SEMESTER B.A. DEGREE EXAMINATION, MARCH 2019**

(CUCBCSS)

Economics with Islamic Finance

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. Risks that cannot be insured is called \_\_\_\_\_.  
(A) Uncertainty. (B) Injury.  
(C) Capital. (D) None of the above.
2. Market in which securities are issued for the first time is \_\_\_\_\_.  
(A) Secondary market. (B) Primary market.  
(C) Tertiary market. (D) Money market.
3. Entry preventing price is called \_\_\_\_\_.  
(A) Limit price. (B) Full cost price.  
(C) Penetration price. (D) Psychological price.
4. An example of cartel is \_\_\_\_\_.  
(A) OPEC. (B) OECD.  
(C) SAARC. (D) EU.
5. For necessary goods, the income elasticity of demand :  
(A) More than 1. (B) Less than 1.  
(C) Zero. (D) None.
6. Income elasticity is positive, but less than unity in the case of :  
(A) Necessity. (B) Luxury.  
(C) Inferior. (D) Substitutes.
7. In drawing an individual demand curve for a commodity, all but which of the following are kept constant :  
(A) Individual's money income.  
(B) The prices of the related commodity.  
(C) Price of the commodity under consideration.  
(D) Tastes of the consumer.

8. 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.
9. When both the price of a substitute and the price of complement of X rises, the demand for X :  
(A) Rises. (B) Falls.  
(C) Remains unchanged. (D) All of the above is possible.
10. If the percentage increase in the quantity demanded of a commodity is smaller than the percentage fall in its price, the co-efficient of price elasticity :  
(A) Greater than one. (B) Equal to one.  
(C) Smaller than one. (D) Zero.
11. A fall in the price of the commodity whose demand curve is a rectangular hyperbola causes total expenditure on the commodity :  
(A) Increases. (B) Decreases.  
(C) Remains unchanged. (D) None of the above.
12. If the income elasticity of demand is greater than one, then the commodity is :  
(A) Necessity. (B) Luxury.  
(C) Inferior. (D) Non-related commodity.
13. If the income elasticity of demand for a commodity is found to be 0.4, then the commodity concerned is :  
(A) Luxury. (B) Necessity.  
(C) Giffen's goods. (D) Independent good.
14. Who popularized the degrees of price discrimination :  
(A) Alfred Marshall. (B) Pigou.  
(C) Keynes. (D) Jevons.
15. When demand curve is rectangular hyperbola, the value of price elasticity of demand will be :  
(A) Zero. (B) One.  
(C) Greater than one. (D) Infinity.

**Turn over**

16. Economics is concerned with allocation of \_\_\_\_\_ resources.
- (A) Abundant. (B) Unlimited.  
(C) Scarce. (D) Redundant.
17. Who is the author Principles of Economics ?
- (A) Adam Smith. (B) Alfred Marshall.  
(C) J.M. Keynes. (D) Friedman.
18. An example of negative externality is :
- (A) Output. (B) Sales.  
(C) Pollution. (D) Profit.
19. In financial sense, investment is :
- (A) Net addition to capital stock.  
(B) Savings.  
(C) Allocation of monetary resources on assets.  
(D) Increased output.
20. \_\_\_\_\_ is also called after market.
- (A) Primary market. (B) Secondary market.  
(C) Tertiary market. (D) Money market.

**SIXTH SEMESTER B.A. DEGREE EXAMINATION, MARCH 2019****(CUCBCSS)****Economics with Islamic Finance****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 twelve questions.**Each question carries ½ mark.*

1. The price which is initially low is called :
  - (a) Limit price.
  - (b) Full cost price.
  - (c) Penetration price.
  - (d) Psychological price.
2. Price discrimination is possible under :
  - (a) Perfect competition.
  - (b) Pure competition.
  - (c) Oligopoly.
  - (d) Monopoly.
3. The relationship between price and quantity demand is :
  - (a) Direct.
  - (b) Positive.
  - (c) Inverse.
  - (d) Nil.
4. The point of "no loss no profit" is :
  - (a) Equilibrium point.
  - (b) Break-even point.
  - (c) Split off point.
  - (d) Point of inflexion.
5. The balance sheet shows :
  - (a) The financial position of the business.
  - (b) The financial performance of the business.
  - (c) The trade flows.
  - (d) The cash flow of the business.

**Turn over**



6. Economies of scale means increasing production with \_\_\_\_\_ per unit.
- (a) Decrease in average cost. (b) Decrease in marginal cost.  
(c) Decrease in total cost. (d) Increase in total cost.
7. Other things remaining the same, the quantity of a product demanded increases with \_\_\_\_\_ in price.
- (a) Increase. (b) Decrease.  
(c) Constant. (d) None of the above.
8. An example of cartel is :
- (a) OECD. (b) NAFTA.  
(c) SAARC. (d) OPEC.
9. When a mark-up is added to fully allocated average cost of product, it is called :
- (a) Limit price. (b) Full cost price.  
(c) Average cost pricing. (d) Cost plus pricing.
10. Demand forecasting for a new product seen as an evaluation from an existing product is :
- (a) Substitute approach. (b) Evolutionary approach.  
(c) Vicarious approach. (d) Estimation approach.
11. Time value of money indicated that :
- (a) A unit of money obtained today is worth more than a unit of money obtained in future.  
(b) A unit of money obtained today is worth less than a unit of money obtained in future.  
(c) There is no difference in the value of money obtained today and tomorrow.  
(d) None of the above.
12. When the output increase less proportionately than inputs, it is a case of :
- (a) Increasing returns. (b) Decreasing returns.  
(c) Constant returns. (d) None of the above.

(12 × ½ = 6 marks)

**Part B (Very Short Answer Type Questions)**

*Answer any ten questions.*

*Each question carries 2 marks.*

13. Explain the term discounting.
14. What is meant by price leaderships ?
15. Define demand forecasting.

16. Write a note on financial assets.
17. Define production function.
18. State the law of demand.
19. What is cost function ?
20. What is meant by cartel ?
21. What is income elasticity of demand ?
22. Explain the features of balance sheet.
23. What is economies of scale ?
24. What is opportunity cost ?

(10 × 2 = 20 marks)

### Part C (Short Essays)

*Answer any six questions.  
Each question carries 5 marks.*

25. What are the steps involved in investment process.
26. Explain various degrees of price discrimination.
27. State the law of variable proportion.
28. Explain the important types of price leadership models.
29. What is break-even point ?
30. What is time value of money ? Explain the important techniques for adjusting time value of money.
31. Explain TP, AP and MP.
32. Explain the role and importance of demand forecasting.

(6 × 5 = 30 marks)

### Part D (Essay Questions)

*Answer any two questions.  
Each question carries 12 marks.*

33. Explain in detail the pricing practices and strategies.
34. What is capital budgeting ? What are the important methods of capital budgeting.
35. Define business economics. Discuss the nature and scope of business economics.
36. Discuss the various investment alternatives.

(2 × 12 = 24 marks)