

D 42414

(Pages : 4)

Name.....

Reg. No.....

FOURTH SEMESTER M.A. DEGREE EXAMINATION, JUNE 2018

(CUCSS)

Economics

ECO 4C 17—BUSINESS ECONOMICS

(2015 Admissions)

Time : Three Hours

Maximum : 36 Weightage

Part A

Answer all the questions.

Each question carries $\frac{1}{4}$ weightage.

1. Which type of the forecasting is used to assign priority the allocation of resources between products of a firm :
 - (a) Short term forecasting.
 - (b) Product line forecasting.
 - (c) Active forecasting.
 - (d) Both (a) and (c).
2. The percentage of the group, the chosen leading indicators which have fallen or risen together is :
 - (a) Diffusion indices.
 - (b) Lagging indicators.
 - (c) Leading indicators.
 - (d) None of the above.
3. When mark-up is decided by taking into account return on capital invested is :
 - (a) Cost plus pricing.
 - (b) Programme pricing.
 - (c) Rate of return pricing.
 - (d) Price skimming.
4. Derived demand is associated with :
 - (a) Capital and producers good.
 - (b) Durable consumer goods.
 - (c) Non -durable consumer goods.
 - (d) None of the above.
5. If a price-asking monopolist firm wants to maximize its sales revenue, it should :
 - (a) Sets the highest price it can get.
 - (b) Sets that lowest price it can get.
 - (c) Chooses a setting price at which the elasticity of demand for its product is unity.
 - (d) None of the above.

Turn over

6. When the firm fixes a high price to take the advantage of prime customers at the introductory stage of the product is :
- (a) Price skimming.
 - (b) Penetration pricing.
 - (c) Price discrimination of second degree.
 - (d) None of the above.
7. The discount rate that equates the present value of cash inflow with the present value of cash outflows is :
- (a) Explicit cost of capital.
 - (b) Opportunity cost of capital.
 - (c) Specific cost of capital.
 - (d) None of the above.
8. A method that assigns a probability distribution to each of the key variables and uses random numbers to arrive at an expected value is :
- (a) Finite horizon method.
 - (b) Risk adjusted discount rate method.
 - (c) Simulation method.
 - (d) None of the above.
9. A firm is said to be highly leveraged if :
- (a) fixed costs are high relative to variable costs.
 - (b) firm faces higher risks with more variability in profits overtime.
 - (c) Both a and b.
 - (d) None of the above.
10. The depository receipts issued by a company in the USA is known as :
- (a) GDR.
 - (b) IDR.
 - (c) ADR.
 - (d) ECB.
11. The ratio which depicts the relationship between two items, one of which is drawn from balance sheet and the another from revenue account :
- (a) Current ratio.
 - (b) Equity ratio.
 - (c) Net profit ratio.
 - (d) Debtors turn over ratio.
12. Long term solvency of a firm can be measured by :
- (a) Current ratio.
 - (b) Net profit ratio.
 - (c) Gross profit ratio.
 - (d) Debt equity ratio.

(12 × ¼ = 3 weightage)

Part B

Write a very short answer to any five questions.

Each question carries 1 weightage.

13. What do you mean by peak load pricing ?
14. What do you mean by long-term forecasting ?
15. Define capital budgeting
16. What is net present value ?
17. What is meant by price discrimination?
18. How is the cost of capital determined ?
19. Explain profitability index. How is it used as a decision rule ?
20. Define profit elasticity.

(5 × 1 = 5 weightage)

Part C

Write short essays not exceeding one and a half page on any eight questions.

Each question carries 2 weightage.

21. What are the different steps involved in demand forecasting.
22. Explain the key steps in decision tree analysis.
23. Explain risk-return indifference curve.
24. What is a break-even chart ? How is it prepared ?
25. Explain how is profit contribution analysis used in profit planning ?
26. Discuss cost plus pricing.
27. Discuss the importance of operating leverage in business decision.
28. Write short notes on :
 - 1) Flexible pricing.
 - 2) Rigid pricing.
 - 3) Prestige pricing.
29. Which are the practical applications of time value techniques.
30. Differentiate between bridge finance and seed capital analysis.

31. Write short notes on :

- (i) Venture capital.
- (ii) Ploughing back profit.
- (iii) debt equity ratio.

(8 × 2 = 16 weightage)

Part D

*Write essays on any three questions.
Each question carries 4 weightage.*

- 32. What are the important profitability ratios ? How are they worked out ?
- 33. Business enterprise needs fund to meet their different types of requirements. Which are the sources to meet such needs ?
- 34. Elucidate the nature of capital budgeting problem. What are the principle methods of ranking alternative investment proposals ?
- 35. Explain the pricing a new product over its life cycle.
- 36. Give an account regarding the classification of ratios.

(3 × 4 = 12 weightage)