

**FOURTH SEMESTER M.A. DEGREE (CBCSS—SDE/PRIVATE)
EXAMINATION, APRIL 2022**

Economics

ECO 4E 02—BUSINESS ECONOMICS

(2019 Admission onwards)

Time : Three Hours

Maximum : 30 Weightage

Part A

Answer all questions.

Each bunch of 5 questions carries a weightage of 1.

Question and Answers :

1. A chocolate manufacturer purchases a cocoa bean processor that is buying its beans from. This is an example of :
 - (a) Vertical integration.
 - (b) Trickle down integration.
 - (c) Hierarchical integration.
 - (d) Horizontal integration.
2. The last step in time-series analysis is to :
 - (a) Perform preliminary regression calculations.
 - (b) Using the model to predict.
 - (c) Calculate a moving average.
 - (d) Plot the data on a graph.
3. Which one is an excellent tool for helping you to choose between several courses of action ?
 - (a) Simulation.
 - (b) A pay-off matrix.
 - (c) A decision tree.
 - (d) The minimax regret criterion.
4. Which of the following is a measure of the degree to which a company is financing its operations through debt versus wholly owned funds ?
 - (a) Debt to equity ratio.
 - (b) Debt ratio.
 - (c) Investor creditor ratio.
 - (d) Equity ratio.

Turn over

5. The following are the Steps of Strategic Planning Process, except :

- (a) Strategy Evaluation.
- (b) Strategy competency.
- (c) Strategy Implementation.
- (d) Strategy Formulation.

6. Which of the following forecasting method is a time series forecasting method for univariate data that can be extended to support data with a systematic trend or seasonal component ?

- (a) Exponential smoothing.
- (b) Causal models.
- (c) Judgmental methods.
- (d) Moving average methods.

7. Which ratio is the financial metric that indicates how efficiently a company is leveraging the assets on its balance sheet ?

- (a) Liquidity ratio.
- (b) Market value ratio.
- (c) Activity ratio.
- (d) Turnover ratio.

8. "To launch a product, enter the market as swiftly as possible and finally, capture a sizeable market share." Which of the following strategies best suit the description ?

- (a) Market skimming.
- (b) Going rate pricing.
- (c) Market penetration.
- (d) None of the above.

9. Which of the following items describes an index measure used to assess the total risk per unit of return of an investment ?

- (a) Beta.
- (b) Standard deviation.
- (c) Co-efficient of variation.
- (d) Variance.

10. Which statement shows how well the company generates cash to pay its debt obligations and fund its operating expenses ?

- (a) Cash flow statement.
- (b) Balance sheet
- (c) Statement of changes in equity.
- (d) Income statement.

11. The process in which organizational leaders determine their vision for the future as well as identify their goals and objectives for the organization is :
- (a) Strategic structuring. (b) Capital budgeting decision.
(c) Strategic planning. (d) Governance adjustments.
12. A business arrangement in which two or more parties agree to pool their resources for the purpose of accomplishing a specific task is :
- (a) Merger. (b) A marketing agreement.
(c) Joint venture. (d) Acquisition.
13. A marketing strategy that involves keeping a high price for a product or service to communicate high quality or luxury is :
- (a) Cost-oriented pricing. (b) Prestige pricing.
(c) Mark-up pricing. (d) Competition-oriented pricing
14. A pricing approach in which the producer sets a high introductory price to attract buyers with a strong desire for the product is _____.
- (a) Reference pricing. (b) Market penetration
(c) Segmented pricing. (d) Market skimming.
15. Which of the following refer to peak load pricing ?
- (a) Prices are different for different customers in different markets.
(b) A higher price is charged during periods of peak demand and a lower price is charged during periods of off-peak demand
(c) Prices are different for different quantities of a commodity
(d) A lower price is charged during periods of peak demand and a higher price is charged during periods of off-peak demand.

(15 × 1/5 = 3 weightage)

Part B (Very Short Answer Questions)

*Answer any five questions.
Each question carries a weightage of 1.*

16. Price Matching.
17. Merger.
18. Commercial paper.

Turn over

19. Going rate pricing.
20. Return on Investment.
21. Computer Simulation
22. Active forecasting.
23. Profit after tax (PAT).

(5 × 1 = 5 weightage)

Part C (Short Answer Questions)

Answer any seven questions.

Each question carries a weightage of 2.

24. How do you justify Peak load pricing as a pricing strategy ?
25. Briefly explain the basic steps involved in a forecasting task.
26. What are the advantages and disadvantages of breakeven analysis ?
27. What is the role of the external expansion methods for a company ?
28. What is the significance of cost of capital in capital budgeting ?
29. What is the goal of Capital rationing ?
30. What is the significance of statement of cash flows in a modern firm ?
31. Why is full cost pricing important ?
32. What is the relevance of the time value of money ?
33. Briefly explain the trend projection method of demand forecasting.

(7 × 2 = 14 weightage)

Part D (Essay Questions)

Answer any two questions.

Each question carries a weightage of 4.

34. What are the criteria to be considered for choosing a good method for forecasting demand ?
35. Explain in detail the various objectives of a firm while framing their pricing policies.
36. Critically evaluate how the income statement help in planning the profit of a firm.
37. Explain the steps involved in capital budgeting.

(2 × 4 = 8 weightage)