

**FOURTH SEMESTER M.A. DEGREE (REGULAR/SUPPLEMENTARY)
EXAMINATION, APRIL 2022**

**April 2021 Session for SDE/Private Students
(CBCSS)**

Economics

**ECO 4E 02—BUSINESS ECONOMICS
(2019 Admission onwards)**

Maximum : 30 Weightage

Three Hours

General Instructions

- Instructions are not applicable for Pvt/SDE students (April 2021 session)**
- In cases where choices are provided, students can attend all questions in each section.*
- The minimum number of questions to be attended from the Section / Part shall remain the same.*
- The instruction if any, to attend a minimum number of questions from each sub section / sub part / sub division may be ignored.*
- There will be an overall ceiling for each Section / Part that is equivalent to the maximum weightage of the Section / Part.*

Part A

Answer all questions.

Each bunch of five questions carries a weightage of 1.

Financial metrics that are used to assess a business's ability to generate earnings relative to its revenue, operating costs, balance sheet assets, etc. is :

- a) Inventory Turnover Ratio.
- b) Asset Turnover Ratio.
- c) Profitability Ratio.
- d) Receivable Ratio.

One of the following strategies is considered as both lead and lag the other functional strategies. Which one is that ?

- a) Finance.
- b) Marketing.
- c) Requisition.
- d) Manufacturing.

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3. Cost-based approach to pricing is the most important type of pricing strategy. Which one of the following is an example of cost-based approach?
- a) Going-rate pricing.
 - b) Good-value pricing.
 - c) Value-based pricing.
 - d) Break-even pricing.
4. Which of the following statement help an analyst to review the profitability of a company?
- a) Income statement.
 - b) Cash flow statement.
 - c) Balance sheet.
 - d) Statement of retained earnings.
5. The head of "goodwill" in Balance sheet is categorized under which of the following assets?
- a) Fixed.
 - b) Long term.
 - c) Current.
 - d) Intangible.
6. The representation of the decision tree can be created in four steps. Which is the second?
- a) Describe the decision that needs to be made in the square.
 - b) Each of the squares and circles are reviewed critically so that a final choice can be made.
 - c) Put the outcome of the solution at the end of the line.
 - d) Draw various lines from the square and write possible solutions on each of them.
7. What is the type of pricing when pricing products that must be used with the main product?
- a) Charm pricing.
 - b) Prestige Pricing.
 - c) Auction Pricing.
 - d) Captive product pricing.
8. In portfolio management, which of the following is used to measure the inherent value of an investment?
- a) Systematic risk.
 - b) Standard deviation.
 - c) Unsystematic risk.
 - d) Coefficient of variation.
9. Which one of the following does not fall under qualitative forecasting method?
- a) Judgmental methods.
 - b) Market research.
 - c) Delphi method.
 - d) Exponential Smoothing.
10. The acquisition of a business operating at the same level of the value chain in the same industry is called _____.
- a) Vertical integration.
 - b) Trickle down integration.
 - c) Hierarchical integration.
 - d) Horizontal integration.

Which of the following is not true with regard to Internationalization ?

- a) Designing a product in a way that it may be readily consumed across multiple countries.
- b) Trade barriers will not restrict the prospects for overseas commerce.
- c) Expand their global footprint beyond their own domestic market.
- d) Modifying products to conform to the technical or cultural needs of a given country.

The investor who chooses the preservation of capital over the potential for a higher-than-average return is risk :

- a) Seeking.
- b) Neutral.
- c) Averse.
- d) None of the above.

Basing pricing on the product benefits perceived by the customer instead of on the exact cost of developing the product is:

- a) Value-based pricing.
- b) Target pricing.
- c) Price elasticity.
- d) Variable costs.

Quantitative forecasting techniques include :

- a) Exponential smoothing.
- b) Manager opinions.
- c) Delphi method.
- d) Consumer surveys.

Businesses can optimize inventory by predicting future sales from analyzing historical sales data to make informed business decisions through :

- a) Associative model.
- b) Demand forecast.
- c) Technological forecast.
- d) Economic forecast.

(15 × 1/5 = 3 weightage)

Part B (Very Short Answer Questions)

Answer any five questions.

Each question carries a weightage of 1.

- Expert Opinion Survey Method.
- Transnational Corporations.
- Charm pricing.
- Payback period
- Debentures.

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21. Debt ratio.
22. Ramsey pricing.
23. Capital budgeting.

(5 × 1 = 5 weight)

Part C (Short Answer Questions)

Answer any **seven** questions.

Each question carries a weightage of 2.

24. How does diversification act as a growth strategy of a firm?
25. Describe briefly the relevance of risk adjusted discount rates.
26. Distinguish between a merger and an acquisition.
27. State the significance of Net Present value.
28. How does the concept of progressive pricing work?
29. What is the relevance of incremental cost pricing?
30. Why does the statement of retained earnings is crucial for a company?
31. What is the use of Operating Leverage?
32. Briefly describe the basic steps involved in a forecasting task.
33. What are the uses of long-term forecasting?

(7 × 2 = 14 weight)

Part D (Essay Questions)

Answer any **two** questions.

Each question carries a weightage of 4.

34. Enumerate the various statistical methods available for demand forecasting.
35. Explain in detail the short term and long-term sources of business finance.
36. Describe in detail how decision tree analysis helps the modern firm to take investment decisions.
37. What would be the pricing approaches when products are at pioneering stage?

(2 × 4 = 8 weight)