FOURTH SEMESTER M.A. DEGREE (REGULAR/SUPPLEMENTARY) EXAMINATION, APRIL 2023

(CBCSS)

Economics

ECO 4E 02—BUSINESS ECONOMICS

(2019 Admission onwards)

Time : Three Hours   Maximum : 30 Weightage

Part A (Multiple Choice Questions)

Answer **all** *questions.*
Each question carries 1/5 weightage.

1. Cost plus pricing :

    (a) Is used when firms do not have knowledge of MR and SMC.

    (b) Is fairly common in oligopolistic industries.

    (c) Is usually consistent with profit maximisation.

    (d) All of the above.

2. When a firm evaluates its internal and external environment, identifies its basic mission, its long-term and short-term objectives and implements a plan of action to achieve these goals, it is engaging in :

    (a) Strategic planning.   (b) Governance adjustments.

    (c) Strategic structuring.   (d) All of the above.

3. Which of the following is a definition of multinational enterprises ?

    (a) A company operating in emerging economies.

    (b) A company employing foreign nationals.

    (c) A Company headquartered in one country but having operations in other countries.

    (d) None of the above.

4. In which type of the following, price is considered along with the other marketing mix variables before the marketing program is set :

    (a) Variable costs.   (b) Price elasticity.

    (c) Target pricing.   (d) Value-based pricing.

Turn over

5. A joint venture is always a type of :

   (a) Strategic alliance.

   (b) A marketing agreement.

   (c) A distribution agreement.

   (d) None of the above.

6. Market skimming works when :

   (a) More number of buyers has a high current demand.

   (b) High price reflects the image of a superior product.

   (c) Both (a) and (b).

   (d) None of the above.

7. Quantitative forecasting techniques include :

   (a) Exponential smoothing.

   (b) Manager opinions.

   (c) Delphi method.

   (d) Consumer surveys.

8. Prestige pricing is based on :

   (a) Mark-up pricing

   (b) competition-oriented pricing.

   (c) Cost-oriented pricing.

   (d) The price-quality association.

9. Where capital availability is unlimited and the projects are not mutually exclusive, for cost of capital, following criterion is used.

   (a) Net present value.

   (b) Internal Rate of Return.

   (c) Profitability Index.

   (d) Any of the above.

10. A forecast that projects a company's sales is a :

    (a) Economic forecast.

    (b) Technological forecast.

    (c) Demand forecast.

    (d) Associative model.

11. Profit and Loss statement is also known as :

    (a) Statement of operations.

    (b) Statement of income.

    (c) Statement of earnings.

    (d) All of the above.

12. Which of the following options is not recorded in the Balance sheet ?

    (a) Cash.

    (b) Rent expenses.

    (c) Building.

    (d) Goodwill.

13. If a person's utility doubles when their income doubles, then that person is risk :

    (a) Averse.

    (b) Neutral.

    (c) Seeking.

    (d) None of the above.

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14. Overall Profitability ratios are based on :

    (a) Investments.

    (b) Sales.

    (c) Both (a) and (b).

    (d) None of the above.

15. What is Decision Tree?

    (a) Flow-Chart

    (b) Structure in which internal node represents test on an attribute, each branch represents outcome of test and each leaf node represents class label

    (c) Flow-Chart and Structure in which internal node represents test on an attribute, each branch represents outcome of test and each leaf node represents class label

    (d) None of the mentioned

$(15 \times 1/5 = 3$ weightage)

Part B (Very Short Answer Questions)

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

16. Cost of capital.

17. Barometric method.

18. Going rate pricing.

19. Payback period.

20. Return on Investment.

21. Passive forecasting.

22. Bonus shares.

23. Computer Simulation.

$(5 \times 1 = 5$ weightage)

Turn over

Part C (Short Answer Questions)

*Answer any **seven** questions.*
Each question carries 2 weightage.

24. Describe how the product line pricing is done.

25. Why is full cost pricing important?

26. How far Internal rate of return is superior to NPV?

27. What is the role of Risk return indifference curve?

28. What is the significance of the time value of money?

29. What is the implication of the degree of Operating Leverage?

30. What are the purposes of long-term forecasting?

31. Outline the trend projection method of demand forecasting.

32. How does pricing is done over the life cycle of a product?

33. What are the advantages and disadvantages of Vertical integration?

$(7 \times 2 = 14$ w

Part D (Essay Questions)

*Answer any **two** questions.*
Each question carries 4 weightage.

34. What would be the pricing approaches when products are at pioneering stage?

35. Describe in detail how decision tree analysis help the modern firm to take investment de

36. Critically evaluate how the income statement help in planning the profit of a firm.

37. Explain the various methods of demand forecasting for new products.

$(2 \times 4 = 8$ we