

C40289

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Name.....

Reg. No.....

**SIXTH SEMESTER (CUCBCSS—UG) DEGREE EXAMINATION
MARCH 2023**

Economics with Islamic Finance

ECO 6E 03—ECONOMICS OF BUSINESS AND FINANCE

(2017—2018 Admissions)

Time : Three Hours

Maximum : 80 Marks

Part A (Objective Type Questions)

Answer all twelve questions.

Each question carries ½ mark.

1. Capital budgeting is also known as :
 - a) Analysis of capital expenditure.
 - b) Investment decision making.
 - c) Planning capital expenditure.
 - d) All the above.
2. Identify the correct statement related to break even analysis :
 - a) It reveals the relationship between the volume and cost of production on the one hand and revenue and profits obtained from the sales on the other.
 - b) It involves the study of revenues and costs of the firm in relation to its volume of sales and specifically the determination of that volume at which the firm's cost and revenues will be equal.
 - c) Both a) and b).
 - d) None of these.
3. Which among the following degree of price discrimination is called take it or leave it price discrimination ?
 - a) First degree price discrimination.
 - b) Second degree price discrimination.
 - c) Third degree price discrimination.
 - d) All the above.

Turn over

4. Inventories, cash and equivalents, and accounts receivables are listed as :
- a) Earnings on Income Statement.
 - b) Payments on Income Statement.
 - c) Assets on the Balance Sheet.
 - d) Liabilities on the Balance Sheet.
5. Which method in a capital budgeting is based on the discounted cash flow ?
- a) Net equity budgeting method.
 - b) Net capital budgeting method.
 - c) Net future value method.
 - d) Net present value method.
6. Charging lowest price for the new product is known as :
- a) Price lining.
 - b) Psychological pricing.
 - c) Limit pricing.
 - d) Penetration price.
7. _____ is a short-term negotiable instrument with fixed maturity period.
- a) Commercial paper.
 - b) Certificate of deposit.
 - c) Treasury bills.
 - d) Bank deposits.
8. Which of the following explains the short-run production function ?
- a) Law of demand.
 - b) Law of variable proportion.
 - c) Returns to scale.
 - d) Elasticity of demand.
9. Which among the following is not a U shaped cost curve ?
- a) AVC curve.
 - b) AFC curve.
 - c) AC curve.
 - d) MC curve.
10. Identify the method of demand forecasting for a new product :
- a) Opinion of experts.
 - b) Substitute approach.
 - c) Evolutionary approach.
 - d) All the above.

11. Dividends are reported on the :
- Income statement.
 - Balance sheet.
 - Retained earnings statement.
 - Income statement and balance sheet.
12. The interest rate at which the net present value of all the cash flows from a project or investment equal zero is known as :
- Internal rate of return.
 - Net present value.
 - Time value of money.
 - Cash reserve ratio.

(12 × ½ = 6 marks)

Part B (Very Short Answer Type Questions)

*Answer any ten questions.
Each question carries 2 marks.*

- What is meant by portfolio ?
- What is peak load pricing ?
- Define price discrimination.
- Distinguish between implicit and explicit costs.
- What do you mean by diseconomies of scale ?
- Define demand function.
- Distinguish between input and output.
- What is meant by asset ?
- What is Financial Economics ?
- Define Investment.
- What do you mean by value of money ?
- What is IRR ?

(10 × 2 = 20 marks)

Turn over

Part C (Short Essay Type Questions)

Answer any six questions.

Each question carries 5 marks.

25. What is price leadership? Explain different types of price leadership.
26. Define production function. Explain the short-run and long run production functions.
27. Explain portfolio construction.
28. What is balance sheet of a business firm? What are the inferences we get while analyzing the balance sheet?
29. Explain meaning and significance of cartel.
30. Prepare a note on Business Economics.
31. What are the factors to be considered while making pricing decision?
32. Discuss economies of scale using suitable examples.

(6 × 5 = 30 marks)

Part D (Essay Type Questions)

Answer any two questions.

Each question carries 12 marks.

33. What is meant by capital budgeting? Explain the major steps involved in this process.
34. Explain demand forecasting. What are the important demand forecasting methods?
35. Explain the nature and scope of Managerial Economics.
36. Examine the meaning, components and significance of breakeven analysis.

(2 × 12 = 24 marks)