Reg. No. : ....

Name : ....

IV Semester M.A. Degree (CBSS-Reg./Suppl./Imp.) Examination, April 2020
(2014 Admission Onwards)
ECONOMICS/APPLIED ECONOMICS/DEVELOPMENT ECONOMICS
ECO4E08 : Business Economics

Time : 3 Hours

Max. Marks : 60

PART – A

Answer **all** questions. **All** questions carry **equal** marks. Choose the correct answer.

1. All the following curves are U shaped except
   - a) The AVC curve
   - b) The AFC curve
   - c) The AC curve
   - d) The MC curve

2. If the income elasticity of demand is greater than one, then the commodity is
   - a) Luxury
   - b) Necessity
   - c) Inferior good
   - d) None of the above

3. If price comes down by 15 percent which leads to rise in sales by 20 percent each time, then there is
   - a) Curvilinear relationship between price and sales
   - b) Positive relationship between price and sales
   - c) Linear relationship between price and sales
   - d) Negative relationship between price and sales

4. If the quantity of a commodity demanded remains unchanged as its price changes, the coefficient of price elasticity of demand is
   - a) Zero
   - b) Equal to one
   - c) Less than one
   - d) More than one

5. Q = 50 – 5p is the demand function. Then MR function is
   - a) 25 – Q
   - b) 10 – 0.4 Q
   - c) 10 – 5Q
   - d) 10 – Q

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6. Practice of pricing to drive current competitors out of business and to discourage new entrants
   a) Price discrimination
   b) Price leadership
   c) Predatory pricing
   d) Marginal cost pricing

7. At a price of Rs. 240 per unit, the shoe company generates additional revenue of Rs. 336 for every one additional pair of shoes sold. The price elasticity of demand is
   a) 1.5
   b) 1.8
   c) 2.1
   d) 2.5

8. Practice of separating consumers with different demand functions into different groups by charging different prices at different points of time
   a) Peak load pricing
   b) Inter temporal price discrimination
   c) Full cost pricing
   d) Second degree price discrimination

$(8×½=4)$

PART – B

Answer **any eight** questions. **Each** answer should **not** exceed **half** page.

9. Write a note on discounting principle.

10. Explain Delphi method of demand forecasting.

11. What is the importance of capital budgeting ?

12. What is business economics ?

13. Distinguish between consumers' goods and producers' goods.

14. Explain the three kinds of Demand :
    1) Price Demand
    2) Income Demand
    3) Cross Demand

15. Write a note on the significance of marginal cost.

16. What do you mean by product line pricing ?

17. What do you mean by internal rate of return ?

18. What is dual pricing ?

19. What is Marginal Efficiency of Capital (MEC) ? (8×2=16)

PART – C

Answer **any four** questions. **Each** answer should **not** exceed **two and a half** pages.

20. What are the characteristics of business economics ?

21. What are the different degrees of price elasticity ? Explain it graphically and algebraically.

22. Explain production and cost output relationship.

23. Explain the nature of relationship between marginal cost and average costs.

24. Explain the limitations of pricing policy in the public sector.

25. Briefly narrate probability theory and utility theory approaches. (4×5=20)

PART – D

Answer **any two** questions. **Each** answer should **not** exceed **six** pages.

26. Explain any three pricing methods. Write advantages and disadvantages of each method.

27. What is demand forecasting ? What are the various methods of demand forecasting ?

28. What are the types of costs ? Explain the costs output relationship and the importance of cost reduction in the competitive market economy.

29. Describe the scope and importance of market research. (2×10=20)

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