



M 26021

Reg. No. :

Name :

Third Semester M.A./M.Sc./M.Com. Degree (Reg./Sup./Imp.)

Examination, November 2014

(2008 Admn. Onwards)

DEVELOPMENT ECONOMICS

Paper – IX : Optional : Business Economics

Time: 3 Hours

Max. Marks : 80

Instructions : 1) Part – A : Answer **all** questions. **Each** question carries **one** mark (objective).

2) Part – B : Answer **any 8** questions. Answer within **1 $\frac{1}{2}$** pages. **Each** question carries **3** marks.

3) Part – C : Answer **any 4** questions. Answer within **2 $\frac{1}{2}$** pages. **Each** question carries **5** marks.

4) Part – D : Answer **any 2** questions. Answer within **6** pages. **Each** question carries **13** marks.

PART – A

(10×1=10)

1. Who has developed managerial utility maximisation model as against profit maximisation ?
a) Cyert and March
b) Williamson
c) Marris
d) Baumol
2. According to Cyert and March, the organisational coalition is
a) Coalition of production
b) Coalition of inventory
c) Coalition of conflicting interests
d) Coalition of market sharing
3. In the case of complementary goods, cross elasticity is
a) Greater than unity
b) Less than unity
c) Equal to unity
d) Equal to zero
4. Which of the following is not a method of demand forecasting ?
a) Survey of buyer's opinion
b) Delphi method
c) Market studies and experiments
d) Simon's Model

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5. External diseconomies shift the LAC curve
- a) Downwards
 - b) Upwards
 - c) Remains the same
 - d) Backwards
6. Which of the following diminish continuously as output increases ?
- a) SAVC
 - b) TFC
 - c) AFC
 - d) SAC
7. Which of the following can be defined as 'Matching of one risk with an opposite risk' ?
- a) Non-insurable risk
 - b) Diversification principle
 - c) Hedging principle
 - d) RADR
8. Which of the following method is used to estimate a uniform flow of annual earnings over the life of the project ?
- a) Payback criterion
 - b) The return on investment criterion
 - c) The discounted cash flow method
 - d) Capital rationing
9. Charging high price in the initial stage of product introduction is known as
- a) Dual pricing
 - b) Entry pricing
 - c) Price skimming
 - d) Average pricing
10. Charging different prices to different consumers is
- a) Indiscriminate pricing
 - b) Varied pricing
 - c) Differential pricing
 - d) Full cost pricing

PART - B

(8×3=24)

11. Define Target Return Pricing.
12. Define Economies of scope.
13. Distinguish between opportunity cost and outlay cost.
14. What do you mean by price ceiling ?
15. Explain the Hedging principle.



- 16. Why does the demand curve slopes downward ?
- 17. Define income elasticity of demand.
- 18. What are the advantages of payback criterion ?
- 19. Explain the return on investment criterion.
- 20. What is demand forecasting ?
- 21. Explain sensitivity analysis.

PART - C

(4x5=20)

- 22. Explain Laplace decision criterion.
- 23. Explain the importance of capital budgeting.
- 24. Diagrammatically explain break-even analysis.
- 25. Explain the five degrees of price elasticity of demand.
- 26. What are the determinants of demand forecasting ?
- 27. Explain Baumol's model of sales maximisation.

PART - D

(2x13=26)

- 28. Explain decision tree analysis with a suitable example.
- 29. Discuss the traditional and modern techniques of capital investment appraisal, bringing out their relative merits and demerits.
- 30. Explain the major forecasting methods currently in use.
- 31. Explain the various practical uses or (Applications) of the concept of price elasticity of demand.

- 4. Which of the following is not a method of demand forecasting ?
 - a) Survey of buyer's opinion
 - b) Delphi method
 - c) Market studies and experiments
 - d) Simon's Model