



K21P 0135

Reg. No. :

Name :

IV Semester M.A. Degree (C.B.S.S. – Reg./Suppl. (Including Mercy Chance)/
Imp.) Examination, April 2021
(2014 Admission Onwards)
ECONOMICS/APPLIED ECONOMICS/DEVELOPMENT ECONOMICS
ECO4E08 : Business Economics

Time : 3 Hours

Max. Marks : 60

PART – A

Answer **all** questions. **Each** question carries a ½ mark.

1. Complementary goods have
 - a) Positive Cross Elasticity of demand
 - b) Negative Cross Elasticity of demand
 - c) Relatively Positive Cross Elasticity of demand
 - d) None of the above
2. The relationship between output and variation in one input while keeping the other factor inputs constant is
 - a) Law to returns to scale
 - b) Long runs production function
 - c) Returns to factor
 - d) Linearly homogeneous production function
3. The shape of TFC curve
 - a) Horizontal
 - b) Downward sloping
 - c) U shaped
 - d) Vertical
4. The demand forecasting method based on a specialized form of expert panel opinion is
 - a) Delphi method
 - b) Survey method
 - c) Barometric method
 - d) End use survey method

P.T.O.



5. For normal goods, the income elasticity is
- a) Less than zero
 - b) Equal to zero
 - c) Greater than one
 - d) Greater than zero
6. The point where TR curve cuts TC curve is called
- a) Equilibrium point
 - b) Point of inflexion
 - c) Split off point
 - d) Break-even point
7. 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
8. The shape of marginal cost curve
- a) Horizontal
 - b) Downward sloping
 - c) U shaped
 - d) Vertical

($\frac{1}{2} \times 8 = 4$)

PART – B

(Very Short Answers)

Answer **any eight** questions. **Each** question carries **2** marks. **No** answer should exceed **one** page.

9. What is Marginal Efficiency of Capital (MEC) ?
10. Write a note on discounting principle.
11. What do you mean by product line pricing ?
12. What do you mean by internal rate of return ?
13. What is dual pricing ?
14. What do you mean by time value of money ?
15. Distinguish between cardinal and ordinal utility approach.



16. Distinguish between Consumer's Goods and Producers' Goods.
17. What is transfer pricing ?
18. What is capital budgeting ?
19. Narrate the importance of market research.
20. What is business economics ?
21. What is demand forecasting ?
22. Why the demand curve slopes downwards ?
23. Explain full cost pricing.
24. What is income elasticity of demand ? (8×2=16)

PART – C
(Short Answers)

Answer **any four** questions. **Each** question carries **5** marks. **No** answer should exceed **two and a half** pages.

25. What are the different degrees of price elasticity ? Explain it in detail.
26. What are the characteristics of business economics ?
27. Explain the limitations of pricing policy in the public sector.
28. Explain Naive method of demand forecasting. What are its advantages and disadvantages ?
29. What are the methods of appraising profitability ?
30. What are the basic tools in business economics ?
31. Explain the relationship between Marginal Cost (MC) and Average Cost (AC).
32. What is law of demand ? Explain types and determinants of demand. (4×5=20)



PART – D
(Long Essays)

Answer **any two** questions. **Each** question carries **10** marks. **No** answer should exceed **six** pages.

33. Why is forecasting important to an organization ? Explain the direct and indirect methods of market forecasting.
 34. What are the types of costs ? Explain the costs output relationship and the importance of cost reduction in the competitive market economy.
 35. Explain the different pricing methods.
 36. Describe the nature and scope of business economics.
 37. What are the factors hindering business cost control in India ?
 38. What is Balance Sheet of a business firm ? What are the inferences we get while analyzing the Balance Sheet ? **(2×10=20)**
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