

SIXTH SEMESTER B.A. DEGREE (SUPPLEMENTARY) EXAMINATION
MARCH 2018

(CCSS)

EC 6E 03—ECONOMICS OF BUSINESS AND FINANCE

(2013 Admissions)

Time : Three Hours

Maximum : 30 Weightage

Part A (Objective Type Questions)*Answer all four questions.*

- If the isoquant takes the shape of right angle, it is called ?
 - Kinked isoquant.
 - Leontief isoquant.
 - Linear isoquant.
 - None of these.
- Which of the following is a non-discounting criteria ?
 - IRR.
 - ARR.
 - NPV.
 - BCR.
- In a homogenous production function $X^* = k^v f(K, L)$, if $v > 1$, then there is :
 - Constant returns to scale.
 - Increasing returns to scale.
 - Decreasing returns to scale.
 - All the above are possible.
- Value of money undergo changes due to :
 - Inflation or deflation.
 - Peoples prefer future to present.
 - Capital investment generates more income in future.
 - All the above.

(4 × ¼ = 1 weight)

Answer all four questions.

Fill in the Blanks :

- Cost of next best alternative foregone is _____.
- The value of a security when it is issued is called _____.

Turn

7. Curve passing through points of tangency between a firm's isocost lines and its isoquants is _____
8. Marris model specifies the goal of a firm as the maximization of _____ (4 × ¼ = 1 weightage)

Answer all four questions.

True or False Questions :

9. The techniques of estimating the present value of future sum is discounting.
10. Cobb-Douglas production function exhibits constant returns to scale.
11. The 'Returns to scale' is a short run analysis concept.
12. Many firms selling differentiated product is a case of Monopolistic competition. (4 × ¼ = 1 weightage)

Part B (Short Answer Type Questions)

Answer all questions.

13. Define term Loan.
14. What are the properties of Cobb-Douglas production function ?
15. What is meant by diversification ?
16. What is price skimming ?
17. Price leadership.
18. Distinguish between FC and VC.
19. What is linear production function ?
20. What is a Cartel ?
21. What is a share ?

(9 × 1 = 9 weightage)

Part C (Short Essay Type Questions)

Answer any five questions.

22. What is a financial portfolio ?
23. What is Break-even point ?
24. Distinguish between financial statement and balance sheet.
25. What are pricing strategies ?

26. What is Bertrand model ?
27. Explain third degree price discrimination.
28. What are internal economies ?

(5 × 2 = 10)

Part D (Essay Type Questions)

Answer any two questions.

29. Examine the merits and demerits of organizing financial asset.
30. What is meant by capital budgeting ? Bring out major investment criterion.
31. Describe different methods of demand forecasting.

(2 × 4 = 8)