

SIXTH SEMESTER B.A. DEGREE EXAMINATION, MARCH 2019

(CUCBCSB)

Economics with Islamic Finance

ECO 6E 03—ECONOMICS OF BUSINESS AND FINANCE

Time : Three Hours

Maximum : 80

*Answers may be written either in English or in Malayalam.***Part A***Answer all twelve questions.**Each question carries $\frac{1}{2}$ mark.*

1. The price which is initially low is called :
 - (a) Limit price.
 - (b) Full cost price.
 - (c) Penetration price.
 - (d) Psychological price.
2. Price discrimination is possible under :
 - (a) Perfect competition.
 - (b) Pure competition.
 - (c) Oligopoly.
 - (d) Monopoly.
3. The relationship between price and quantity demand is :
 - (a) Direct.
 - (b) Positive.
 - (c) Inverse.
 - (d) Nil.
4. The point of "no loss no profit" is :
 - (a) Equilibrium point.
 - (b) Break-even point.
 - (c) Split off point.
 - (d) Point of inflexion.
5. The balance sheet shows :
 - (a) The financial position of the business.
 - (b) The financial performance of the business.
 - (c) The trade flows.
 - (d) The cash flow of the business.

6. Economies of scale means increasing production with _____ per unit.
- (a) Decrease in average cost. (b) Decrease in marginal cost.
(c) Decrease in total cost. (d) Increase in total cost.
7. Other things remaining the same, the quantity of a product demanded increases with _____ in price.
- (a) Increase. (b) Decrease.
(c) Constant. (d) None of the above.
8. An example of cartel is :
- (a) OECD. (b) NAFTA.
(c) SAARC. (d) OPEC.
9. When a mark-up is added to fully allocated average cost of product, it is called :
- (a) Limit price. (b) Full cost price.
(c) Average cost pricing. (d) Cost plus pricing.
10. Demand forecasting for a new product seen as an evaluation from an existing product is :
- (a) Substitute approach. (b) Evolutionary approach.
(c) Vicarious approach. (d) Estimation approach.
11. Time value of money indicated that :
- (a) A unit of money obtained today is worth more than a unit of money obtained in future.
(b) A unit of money obtained today is worth less than a unit of money obtained in future.
(c) There is no difference in the value of money obtained today and tomorrow.
(d) None of the above.
12. When the output increase less proportionately than inputs, it is a case of :
- (a) Increasing returns. (b) Decreasing returns.
(c) Constant returns. (d) None of the above.

(12 × ½ = 6 marks)

Part B (Very Short Answer Type Questions)

Answer any ten questions.

Each question carries 2 marks.

13. Explain the term discounting.
14. What is meant by price leaderships ?
15. Define demand forecasting.

16. Write a note on financial assets.
17. Define production function.
18. State the law of demand.
19. What is cost function ?
20. What is meant by cartel ?
21. What is income elasticity of demand ?
22. Explain the features of balance sheet.
23. What is economies of scale ?
24. What is opportunity cost ?

(10 × 2 = 20 marks)

Part C (Short Essays)

Answer any **six** questions.

Each question carries 5 marks.

25. What are the steps involved in investment process.
26. Explain various degrees of price discrimination.
27. State the law of variable proportion.
28. Explain the important types of price leadership models.
29. What is break-even point ?
30. What is time value of money ? Explain the important techniques for adjusting time value of money.
31. Explain TP, AP and MP.
32. Explain the role and importance of demand forecasting.

(6 × 5 = 30 marks)

Part D (Essay Questions)

Answer any **two** questions.

Each question carries 12 marks.

33. Explain in detail the pricing practices and strategies.
34. What is capital budgeting ? What are the important methods of capital budgeting.
35. Define business economics. Discuss the nature and scope of business economics.
36. Discuss the various investment alternatives.

(2 × 12 = 24 marks)