

**D 121002****(Pages : 5)****Name.....****Reg. No.....****FOURTH SEMESTER M.A. DEGREE (REGULAR/SUPPLEMENTARY)  
EXAMINATION, APRIL 2025****(CBCSS)****Economics****ECO 4E 02—BUSINESS ECONOMICS****(2019 Admission onwards)****Time : Three Hours****Maximum : 30 Weightage****Part A***Answer **all** questions.**Each bunch of **five** questions carries a weightage of 1.*

1. Identify a potential benefit of progressive pricing for businesses.
  - (A) Consistency in pricing across all customer segments.
  - (B) Increased customer loyalty through uniform pricing.
  - (C) Capturing maximum revenue from different customer segments.
  - (D) Simplified pricing calculations.
2. Which growth strategy involves increasing market share by selling existing products in existing markets ?
  - (A) Market penetration.
  - (B) Product development.
  - (C) Market development.
  - (D) Diversification.
3. Internal expansion typically involves :
  - (A) Collaborating with competitors.
  - (B) Partnering with venture capitalists.
  - (C) Utilizing retained earnings and reinvesting profits.
  - (D) Engaging in hostile takeovers.

**Turn over**

4. Which of the following strategies involves forming partnerships or alliances with other firms to achieve growth ?
- (A) Horizontal integration. (B) Vertical integration.  
(C) Diversification. (D) Strategic alliance.
5. What potential risk might a firm face with vertical integration ?
- (A) Decreased control over the supply chain.  
(B) Overreliance on external suppliers.  
(C) Reduced operational costs.  
(D) Antitrust regulatory challenges.
6. Multinational Corporation operates in multiple countries while keeping the production processes centralized in its home country is :
- (A) Global Corporation. (B) Transnational Corporation.  
(C) International Corporation. (D) Multidomestic Corporation.
7. Which of the following data patterns is best suited for time series analysis in demand forecasting ?
- (A) Fluctuations that follow a clear trend.  
(B) Highly unpredictable, random variations.  
(C) Steady and consistent demand.  
(D) Constant decrease over time.
8. Concepts which is closely related to the time value of money is :
- (A) Nominal value. (B) Inflation rate.  
(C) Currency exchange rate. (D) Accounting principles.
9. If the discount rate increases, what happens to the present value of a future sum of money ?
- (A) Present value increases.  
(B) Present value decreases.  
(C) Present value remains unchanged.  
(D) Present value becomes unpredictable.

10. Which financial ratio measures a company's ability to meet its short-term debt obligations ?
- (A) Return on Assets (ROA). (B) Debt-to-Equity Ratio.
- (C) Current Ratio. (D) Gross Profit Margin.
11. What does the "degree of operating leverage" (DOL) measure ?
- (A) The proportion of fixed costs to total costs.
- (B) The sensitivity of operating income to changes in sales volume.
- (C) The proportion of variable costs to total costs.
- (D) The financial leverage of a company.
12. What does "risk mitigation" involve ?
- (A) Ignoring potential risks.
- (B) Avoiding all risks.
- (C) Taking actions to reduce the impact or likelihood of risks.
- (D) Transferring all risks to a third party.
13. What is "first-degree price discrimination" ?
- (A) Charging different prices based on different customer segments.
- (B) Charging a uniform price for a product regardless of the customer.
- (C) Offering discounts based on bulk purchases.
- (D) Using dynamic pricing to adjust prices in real-time.
14. In Ramsey pricing, how are prices determined for different products or services ?
- (A) Based on production costs.
- (B) Equally for all products
- (C) Inversely proportional to demand elasticities.
- (D) Proportional to consumer income.

Turn over

15. Price skimming is commonly used for :

- (A) Low-cost consumer goods.
- (B) Niche products with limited demand.
- (C) Products with elastic demand.
- (D) Commodity products.

(15 × 1/5 = 3 weightage)

### Part B (Very Short Answer Questions)

*Answer any **five** questions.*

*Each question carries a weightage of 1.*

- 16. Risk and profitability.
- 17. Conglomerate Merger.
- 18. Net present value of money.
- 19. P/E Ratio.
- 20. Exchange rate risk.
- 21. Natural Hedging.
- 22. Internal rate of return.
- 23. Second-degree price discrimination.

(5 × 1 = 5 weightage)

### Part C (Short Answer Questions)

*Answer any **seven** questions.*

*Each question carries a weightage of 2.*

- 24. What is the fundamental difference between fully distributed cost pricing and incremental cost pricing ?
- 25. What is the primary goal of internal expansion for a firm ? How does this strategy leverage the firm's existing resources and capabilities ?

26. How are MNCs structured and organized to operate in multiple countries ? What are the key components of their global business operations ?
27. What is demand forecasting, and why is it important for businesses ?
28. What are internal sources of business finance, and how do they differ from external sources ?
29. Describe the main types of financial statements that companies typically prepare.
30. What is operating leverage, and how does it relate to a company's cost structure ?
31. What is the net present value (NPV) method, and how does it assess the profitability of an investment ?
32. What factors might lead a company to implement capital rationing ?
33. What is peak load pricing, and how does it relate to supply and demand dynamics in various industries ?

(7 × 2 = 14 weightage)

#### Part D (Essay Questions)

*Answer any **two** questions.*

*Each question carries a weightage of 4.*

34. What are the key steps that organizations should follow when conducting a demand forecasting task ?
35. Discuss the challenges and limitations associated with financial statements.
36. Discuss the different methods used in capital budgeting to evaluate investment projects. Compare and contrast the payback period, net present value (NPV), internal rate of return (IRR), and profitability index (PI) methods
37. When introducing a new product to the market, what are the key factors businesses should consider in determining the initial pricing strategy ?

(2 × 4 = 8 weightage)