K26P 0624

Reg. No. : ....

Name : ....

IV Semester M.A. Degree (C.B.C.S.S. – OBE-Regular/Supple./Imp.) Examination, April 2026
(2023 Admission Onwards)
ECONOMICS
MAECO04E08 : Business Economics

Time : 3 Hours Max. Marks : 60

PART – A

Short Answer Questions. Answer **any 5. Each** question carries **3** marks.

1. Define Business Economics and explain how it differs from Microeconomics.
2. Define the Survey of Buyer's Intentions method of demand forecasting.
3. Distinguish between Liquidity and Profitability.
4. Define the Legal Environment of Business.
5. What is Present Value ? A business expects to receive ₹ 1,00,000 after 3 years. If the discount rate is 8% per annum, calculate the present value.
6. What is incrementalism ? Give example. **(5×3=15)**

PART – B

Short Essay Questions. Answer **any 3. Each** question carries **6** marks.

7. Evaluate the importance of cost analysis in pricing and output decisions.
8. Evaluate the role of hedging in managing business risks.
9. Explain the significance of business ethics in the modern business environment.
10. The annual sales (in units) of a product are given below :

Year	Sales
2022	1,200
2023	1,350
2024	1,500
2025	1,650

Using the trend projection method, forecast the demand for the year 2026.

P.T.O.

11. Explain the concept of Cash Flow from Operating Activities.
A firm reports a net profit of ₹ 2,00,000. Depreciation : ₹ 30,000. Increase in working capital : ₹ 20,000. Sale of old machinery : ₹ 10,000. Using this information prepare a simple cash flow statement and compute cash from operations. **(3×6=18)**

PART – C

Essay Questions. Answer **any 3. Each** question carries **9** marks.

12. Critically examine the scope and relevance of Business Economics in a globalized economy.
13. Examine the principles of business finance with special reference to risk and return.
14. *"Business decisions are Increasingly influenced by both microeconomic tools and the macroeconomic environment."* Critically examine this statement.
15. The annual output and cost structure of a firm are given below :
The firm's total cost function is : $TC = 1000 + 40Q + 2Q^2$
The firm's annual demand trend for its product over the last four years is :

Year	Demand (Units)
2022	2,000
2023	2,300
2024	2,600
2025	2,900

a) Using the trend projection method, forecast the demand for the year 2026.
b) Derive the Average Cost (AC) and Marginal Cost (MC) functions.
c) Calculate TC, AC, and MC at the forecasted level of output.
d) Analyse whether the firm is operating under economies or diseconomies of scale at this output level.

16. Critically analyse the impact of monetary policy on business cycles. Assume that the Reserve Bank of India increases the repo rate by 1%.
a) Explain, with suitable numerical illustration, how this change affects the cost of borrowing.
b) Analyse the consequent impact on investment expenditure of firms.
c) Illustrate your answer using a simple business example. **(3×9=27)**

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