SECOND SEMESTER M.B.E. DEGREE (REGULAR/SUPPLEMENTARY) EXAMINATION, APRIL 2021

(CBCSS)

Master of Business Economics

MBE 2C 06—MACRO ECONOMIC ANALYSIS

(2019 Admissions)

Time : Three Hours   Maximum : 30 Weightage

General Instructions

1. *In cases where choices are provided, students can attend* **all** *questions in each section.*

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Part A

Answer **all** *questions.*
Each bunch of **five** *questions carries a weightage of* 1.

Multiple Choice Questions :

1. According to which of the following hypothesis, consumption is irreversible ?

    a) Absolute income hypothesis.   b) Relative income hypothesis.

    c) Permanent income hypothesis.   d) Life cycle hypothesis.

2. In permanent income hypothesis, transitional income has :

    a) Positive and high correlation with permanent income.

    b) Positive and low correlation with permanent income.

    c) Zero correlation with permanent income.

    d) Negative and high correlation with permanent income.

3. The basic determinants of investments are :

    a) Marginal efficiency of capital and rate of discount.

    b) Marginal efficiency of investment and rate of discount.

    c) Marginal efficiency of capital and rate of interest.

    d) All of the above.

Turn over

4. Demand-pull inflation is caused by :

    a) Increase in aggregate demand.   b) Scarcity of raw materials.

    c) Increase in rate of interest.   d) Increase in investment.

5. The relationship theorized by the traditional Phillips curve between unemployment and wage inflation is :

    a) Direct.   b) Inverse.

    c) Indeterminate.   d) Positive.

6. Keynes followed :

    a) Macro long-run analysis.   b) Macro short-run analysis.

    c) Micro long-run analysis.   d) Micro short-run analysis.

7. Which of the following models of business cycle generates constrained cycles ?

    a) Samuelson's model.   b) Hicks model.

    c) Kaldor's model.   d) All of the above.

8. Nicholas Kaldor Model of trade cycle is based on the Keynesian terminology of :

    a) Demand and supply.   b) Cost and revenue.

    c) Savings and investment.   d) MEC and interest.

9. The real business cycle theory is associated with :

    a) Finn Kydland and Edward Prescott.

    b) J. R. Hicks and R. G.D. Allen.

    c) J. R. Hicks and Eugen Slutsky.

    d) Keynes and Robertson.

10. Which of the following variables does the IS-LM General Equilibrium framework generally relate ?

    a) Income and Consumption.

    b) Income and Expenditure.

    c) Income and Interest.

    d) Savings and Income.

11. Slope of the LM curve depends upon which of the following ?

    a) Interest elasticity of investment.

    b) Interest elasticity of income.

    c) Interest elasticity of demand for money.

    d) None of the above.

12. The crowding out effect is stronger :

    a) In an open economy than in closed economy.

    b) In Keynesian model than in the classical model.

    c) The larger the interest sensitiveness of the money demand.

    d) The smaller the interest sensitiveness of the investment demand.

13. The modern monetarism has its roots in :

    a) Free trade.   b) Classical monetary theory.

    c) Keynesianism.   d) Fiscalism.

14. New classical economists propose that economic agents will form :

    a) Rationalism.   b) Scientific temper.

    c) Critical outlook.   d) Rational expectation.

15. The argument that traditional policy analysis does not adequately take into account the impact of policy changes on people's expectations :

    a) Keynes critique.   b) Lucas critique.

    c) Eclectic critique.   d) Post-Keynesian critique.

(15 × 1/5 = 3 weightage)

Part B (Very Short Answer Questions)

Answer any **five** *questions.*
Each question carries a weightage of 1.

16. What is Tobin's q-rates ?

17. Specify Kuznets consumption puzzle.

18. State Okun's law.

Turn over

19. Indicate the reason for current global recession.

20. What is impossible trinity ?

21. Specify the objectives of macroeconomic policies.

22. What do you meant by policy lags ?

23. What is supply shocks ?

(5 × 1 = 5 weightage)

Part C (Short Answer Questions)

Answer any **seven** *questions.*
Each question carries a weightage of 2.

24. State and explain Keynes psychological law of consumption.

25. Brief the Life cycle hypothesis of consumption.

26. What are the costs of inflation ?

27. Explain the concept 'supply of labor'.

28. Explain the Schumpeter's theory of trade cycle.

29. Write a note on political business cycle.

30. What are the variants of income policy ?

31. Explain the policy effects under flexible exchange rates.

32. Specify the implications of supply side economics.

33. Give the central themes of Monetarism.

(7 × 2 = 14 weightage)

Part D (Essay Questions)

Answer any **two** *questions.*
Each question carries a weightage of 4.

34. Analyze the relative income hypothesis.

35. Examine the Phillips curve in the short-run and long-run.

36. Discuss the three sector IS-LM model.

37. Evaluate the Rational Expectation hypothesis.

(2 × 4 = 8 weightage)

SECOND SEMESTER M.B.E. DEGREE (REGULAR/SUPPLEMENTARY) EXAMINATION, APRIL 2021

(CBCSS)

Master of Business Economics

MBE 2C 07—INDUSTRIAL ECONOMICS

(2019 Admissions)

Time : Three Hours   Maximum : 30 Weightage

General Instructions

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Part A

*Answer **all** questions.*
*Each bunch of **five** questions carries a weightage of 1.*

Multiple Choice Questions :

1. Which of the following is the criterion for demarcating an industry as small, medium or large scale ?

     a. The amount of capital invested.   b. The number of people employed.

     c. The Value of turnover.   d. The price of the product turned out.

2. Single out the activity that is included in the industrial production index of India :

     a. Manufacturing.   b. Construction.

     c. Mining.   d. Electricity.

3. The growth rate of which one of the following sectors have very low employment elasticity :

     a. Manufacturing.   b. Construction.

     c. Financial Services.   d. Mixed farming.

Turn over

4. An impediment that makes it difficult or impossible for a new firm to enter an industry :

    a. Barriers to entry.
    b. Free exit.

    c. Free entry.
    d. Hit and run.

5. Limit pricing refers to :

    a. Price which maximizes the profits of the firm.

    b. Price which prevents entry of new firm.

    c. Price at which firm just starts earning a surplus over cost.

    d. Maximum price in which the firm is allowed to change.

6. The reduction of price for the purpose of deterring entry into a market by potential rivals :

    a. Predatory price cutting.
    b. Pre-emptive price cutting.

    c. Secret price cutting.
    d. Open price cutting.

7. Opportunism characterized by an informed person benefiting from trading or otherwise contracting with a less informed person who does not know about an unobserved characteristic of the informed person is :

    a. Symmetric information.
    b. Asymmetric information.

    c. Credible threat.
    d. Adverse selection.

8. High growth of industry which provides a positive signal for industrial growth in future ?

    a. Capital goods industry.
    b. Basic goods industry.

    c. Durable consumer goods industry.
    d. Intermediate goods industry.

9. What is the most remarkable aspect of Indian industry since independence ?

    a. More employment opportunities.
    b. Increase in production.

    c. Capacity utilization.
    d. Diversification.

10. Uruguay Round Final Act paved way for :

    a. Process patent.
    b. Product patent.

    c. Market patent.
    d. Material patent.

11. Globalization will lead to :

    a. Human development.
    b. Reduction in poverty.

    c. Integration.
    d. All of the above.

12. Which of the following have been pointed out as undesirable effects of Foreign Direct Investment in India by those who oppose it ?

    I.   Inappropriate technology.

    II. Skewed income distribution.

    III. Transfer pricing.

    IV. Labor intensity.

    Select the correct answer using the codes given below :

    a.   I, II, III and IV.   b.   I, II and III.

    c.   II and IV.   d.   I and III.

13. The distinction between firm and industry disappears under :

    a.   Oligopoly.   b.   Duopoly.

    c.   Monopoly.   d.   Contestable market.

14. Selling costs :

    I.   A part of the fixed cost.

    II. Less than the advertising cost.

    III. Include advertising.

    IV. Decrease as production increases.

    Which is correct ?

    a.   I and IV.   b.   II only.

    c.   III only.   d.   IV and III.

15. In Hotelling model of duopoly, products are differentiated by :

    a.   Advertisement.   b.   Quantity.

    c.   Color.   d.   Location.

                                                        (15 × 1/5 = 3 weightage)

Part B (Very Short Answer Questions)

Answer any **five** *questions.*
Each question carries a weightage of 1.

16. What is the index of industrial production ?

17. Define 'Input-Output' tables.

                                                                    Turn over

18. What is performance paradigm ?

19. Specify the meaning of Strategic entry deterrence.

20. State the characteristics of firms.

21. Account the reason for market failure.

22. What is transfer pricing ?

23. Specify the need for research and development.

(5 × 1 = 5 weightage)

Part C (Short Answer Questions)

Answer any **seven** *questions.*
Each question carries a weightage of 2.

24. Give the national classification of industries.

25. Explain the porters diamond model.

26. Explain the measurement of market structure.

27. Analyze the relation between market structure and entry barriers.

28. Write a note on networking and growth.

29. Specify the determinants of the sources of mergers and acquisitions.

30. What are the problems of FDI measurements.

31. Indicate the advantages of FDI.

32. Explain the relation between market structure and research and development.

33. Account the determinants of X-inefficiency.

(7 × 2 = 14 weightage)

Part D (Essay Questions)

Answer any **two** *questions.*
Each question carries a weightage of 4.

34. Explain the features of various market structures.

35. Analyze the theories of mergers.

36. Explain the theories of Foreign Direct Investments.

37. Analyze the significance of advertising under various market forms.

(2 × 4 = 8 weightage)

SECOND SEMESTER M.B.E. DEGREE (REGULAR/SUPPLEMENTARY) EXAMINATION, APRIL 2021

(CBCSS)

Master of Business Economics

MBE 2C 08—MARKETING MANAGEMENT

(2019 Admissions)

Time : Three Hours   Maximum : 30 Weightage

General Instructions

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Part A

Answer **all** *questions.*
Each bunch of **five** *questions carries a weightage of* 1.

Multiple Choice Questions :

1. Demand must be increased when there is :

    (a) Latent demand.   (b) Faltering demand.

    (c) Full demand.   (d) Fluctuating demand.

2. The correct order of reaching the bottom of the pyramid is :

    (a) Mass marketing - segmented marketing-niche marketing - micro marketing.

    (b) Segmented marketing - mass marketing- niche marketing - micro marketing.

    (c) Mass marketing- micro marketing- segmented marketing - niche marketing.

    (d) Mass marketing- segmented marketing- micro marketing - niche marketing.

3. The advantage of viral marketing is / are :

    (a) Cost saving.   (b) Time consuming.

    (c) Global reach.   (d) All of the above.

Turn over

4. ———— is nothing but willingness of consumers to purchase products and services as per their taste, need and of course pocket.

    (a) Consumer behavior.

    (b) Consumer interest.

    (c) Consumer attitude.

    (d) Consumer perception.

5. A person's ———— consist(s) of all the groups that have a direct (face-to-face) or indirect influence on his/her attitudes or behavior.

    (a) Sub-culture.

    (b) Family.

    (c) Social class.

    (d) Reference groups.

6. ———— refers to the information a consumer has stored in their memory about a product or service.

    (a) Cognitive dissonance.

    (b) Product knowledge.

    (c) Product research.

    (d) Marketing research.

7. In ———— price discrimination, it is possible for the entire consumer surplus to be captured by the seller.

    (a) First-degree.

    (b) Second-degree.

    (c) Third-degree.

    (d) Both (a) and (b).

8. The objective of pricing policy is to :

    (a) Minimize costs.

    (b) Maximize pricing.

    (c) Minimize losses.

    (d) Maintain or gain market share.

9. Increased competition leads to price decrease, increasing public awareness, sales volume increase significantly are the characteristics of ———— in PLC.

    (a) Decline stage.

    (b) Introduction stage.

    (c) Growth stage.

    (d) Maturity stage.

10. A version of products containing only those features which are absolutely necessary for it to function.

    (a) Expected Product.

    (b) Augmented Product.

    (c) Generic Product.

    (d) Potential product.

11. Makers of televisions, cameras, tires, furniture, and major appliances normally use which of the following distribution channel forms ?

    (a)   Direct marketing channel.

    (b)   Indirect marketing channel.

    (c)   Horizontal channel.

    (d)   Vertical channel.

12. The sequence of a typical manufacturing supply chain is :

    (a)   Storage-Supplier-manufacturing-storage-distributor-retailer-customer.

    (b)   Supplier-Storage-manufacturing-storage-distributor-retailer-customer.

    (c)   Supplier-Storage-manufacturing- distributor-storage-retailer-customer.

    (d)   Supplier-Storage-manufacturing-storage- retailer-distributor-customer.

13. In marketing intermediaries, way of distribution in which product is stocked in only a particular retail outlet is classified as ———— distribution.

    (a)   Inclusive.   (b)   Exclusive.

    (c)   Selective.   (d)   Intensive.

14. ———— includes all of the activities involved in selling goods or services to those who buy for resale or business use.

    (a)   Retailing.   (b)   Wholesaling.

    (c)   Bartering.   (d)   Purchasing.

15. The giant retailers that focus on one product category are known as :

    (a)   Category makers.   (b)   Category designers.

    (c)   Category planners.   (d)   Category killers.

$(15 \times \frac{1}{5} = 3 \text{ weightage})$

Part B (Very Short Answer Questions)

Answer any **five** *questions.*

Each question carries a weightage of 1.

16. What do you mean by niche marketing ?

17. Define : Churn.

Turn over

18. What is marketing myopia ?

19. Define : Product.

20. Give examples for dual pricing.

21. What do you mean by 3PL ?

22. Define : Supply Chain Management.

23. Define : Advertising.

(5 × 1 = 5 weightage)

Part C (Short Answer Questions)

Answer any **seven** *questions.*
Each question carries a weightage of 2.

24. Mention the functions of marketing.

25. How relationship marketing plays a major role in this competitive world ?

26. Discuss few functions of Consumer Protection Act.

27. How product line stretching differs from line pruning ?

28. Explain : Marketing Intelligence.

29. What is copy writing in advertisement ?

30. What do you mean by upward stretching in product line ?

31. Mention any *two* differences between a brand and a product.

32. List out the factors responsible for the selection of a marketing channel.

33. What are the elements of promotional mix ?

(7 × 2 = 14 weightage)

Part D (Essay Questions)

Answer any **two** *questions.*
Each question carries a weightage of 4.

34. Analyse the impact of different environmental factors on marketing.

35. Evaluate the different pricing strategies.

36. Explain the product line decisions.

37. Evaluate the process of personal selling, its merits and demerits.

(2 × 4 = 8 weightage)

SECOND SEMESTER M.B.E. DEGREE (REGULAR/SUPPLEMENTARY) EXAMINATION, APRIL 2021

(CBCSS)

Master of Business Economics

MBE 2C 09—INTERNATIONAL TRADE

(2019 Admissions)

Time : Three Hours   Maximum : 30 Weightage

General Instructions

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Part A

*Answer **all** questions.*
*Each bunch of **five** questions carries a weightage of 1.*

Multiple Choice Questions :

1. Which of the following is disadvantageous to developing countries' in international trade ?

    a. Protection.   b. Free trade.

    c. Import of capital goods.   d. None of the above.

2. The classical economists focused their attention primarily on :

    a. The gains from trade.   b. Asymmetric information.

    c. Protection.   d. Fiscal policy.

3. Trade in goods made within the same industry :

    a. External industry trade.

    b. Parallel industry trade.

    c. Neighbor industry trade.

    d. Intra-industry trade.

Turn over

4 Which type of trade is not explained by the Heckscher-Ohlin model ?

    a.   Trade based on economies of scale.

    b.   Intra-industry trade.

    c.   Trade based on imitation gaps and product cycles.

    d.   All of the above.

5 If the cost of transporting a goods between two nations exceeds the pre-trade difference for the goods between two nations, then trade in that goods is :

    a.   Possible.   b.   Impossible.

    c.   Reversal.   d.   Cannot say.

6 Who among the following is connected with the idea of "immiserizing growth" ?

    a.   Haberler.   b.   Kindle Berger.

    c.   Jagdish Bhagwati.   d.   Viner.

7 The Technological Gap Model of international trade is associated with :

    a   Veblen.   b.   Posner.

    c   Kravis.   d.   Leontief.

8. The Prebisch-Singer hypothesis was originally limited to the rather direct and empirical statistical problem of the :

    a.   Barter Terms of trade.   b.   Export-led growth.

    c.   Export substitution.   d.   Export pessimism.

9 Who of propounded the theory of reciprocal demand to explain the determination of equilibrium rate of exchange ?

    a.   J. S. Mill.   b.   Ellsworth.

    c.   Scitovsky.   d.   Scammell.

10 A tariff will :

    a.   Improve a country's terms of trade.

    b.   Increase the domestic price of imported goods.

    c.   Increase the income of the government.

    d.   All of the above.

11 Predatory dumping is :

    a.   Dumping of agricultural products abroad.

    b.   A response to other country's dumping.

    c.   A temporary sale of commodity at a lower price abroad in order to drive foreign producer out of business.

    d.   Decreasing the dumping duty to increase a country's exports.

12 Maastricht Treaty led to the creation of which one of the following ?

    a.   European Parliament.   b.   Euro.

    c.   European Court of Justice.   d.   European Union.

13 Intellectual Property Rights regime is managed by :

    a.   IMF.   b.   WTO.

    c.   European Union.   d.   SAARC.

14 The reason for forming an International Cartel is :

    a.   Cut-throat competition among producers of a world traded commodity.

    b.   Fear of fall in world prices in the event of production of the commodity exceeding current demand.

    c.   To have monopoly control in order to earn higher profits.

    d.   All of the above.

15 When imports from a lower-cost supplier from outside the union are replaced by goods from a higher-cost supplier from within, we have :

    a.   Dynamic welfare effects.   b.   Trade Creation.

    c.   Trade Diversion.   d.   All of the above.

<div align="right">(15 × 1/5 = 3 weightage)</div>

Part B (Very Short Answer Questions)

Answer any **five** *questions.*
Each question carries a weightage of 1.

16. Define 'Term of Trade'.

17. What is Leontief Paradox ?

18. What is Factor intensity reversal ?

<div align="right">**Turn over**</div>

19. Specify the meaning of Rybcyznski theorem.

20. What do you mean by Dutch disease ?

21. Define 'Quotas'.

22. What is Voluntary Export Restraint ?

23. What is ASEAN ?

(5 × 1 = 5 weightage)

Part C (Short Answer Questions)

Answer any **seven** *questions.*
Each question carries a weightage of 2.

24. Brief the types of Terms of Trade.

25. Write a note on Reciprocal demand theory.

26. Explain the product life cycle model of trade.

27. Summarize the implication of immiserising growth.

28. Explain export instability and economic development.

29. Distinguish between Tariff and Quotas.

30. What are the types of Dumping ?

31. Explain the effects of import quota.

32. Write a note on SAARC.

33. What are the functions of WTO ?

(7 × 2 = 14 weightage)

Part D (Essay Questions)

Answer any **two** *questions.*
Each question carries a weightage of 4.

34. Explain the Heckscher-Ohlin model of trade.

35. Discuss the theories of international trade based on imperfect competition.

36. Analyze the stages of Economic integration.

37. Discuss the Non-Tariff barriers and new protectionism.

(2 × 4 = 8 weightage)

SECOND SEMESTER M.B.E. DEGREE (REGULAR/SUPPLEMENTARY) EXAMINATION, APRIL 2021

(CBCSS)

Master of Business Economics

MBE 2C 10—BASIC ECONOMETRICS

(2019 Admissions)

Time : Three Hours   Maximum : 30 Weightage

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Part A

Answer **all** *questions.*
Each bunch of **five** *questions carries a weightage of* **1.**

Multiple Choice Questions :

1. In a regression analysis the values are fixed for :

     A) Explanatory variables.   B) Dependent variables.

     C) Random variable.   D) Parameters.

2. Statistical criteria is evaluated by the :

     A) Sign of the parameters.   B) Standard error of the estimates.

     C) Gauss-Markov theorem.   D) Forecasting power.

3. OLS principle is represented by ———— to be minimum.

     A) $\Sigma\left(Y_i - \hat{Y}\right)^2$.   B) $\Sigma\left(Y_i - \hat{Y}\right)$.

     C) $\Sigma Y_i^2 - \Sigma \hat{Y}^2$.   D) $Y_i^2 - \hat{Y}^2$.

4. If an estimate is unbiased, then $E\left(\hat{\beta}\right) - \beta =$

     A) β.   B) $\hat{\beta}$.

     C) 1.   D) 0.

Turn over

5. A distribution is likely to degenerate into true values, when :

    A)   Estimator is efficient.   B)   Sample size increases.

    C)   OLS is applied.   D)   Bias is reduced.

6. Rejection of null hypothesis $\beta_0 = 0$ implies :

    A) β_0 is statistically significant.   B) β_0 is statistically insignificant.

    C) $\hat{\beta}_0$ is statistically significant.   D) $\hat{\beta}_0$ is statistically insignificant.

7. In a given model $Y = b_0 + b_1 X_1 + b_2 X_2 + U \sigma_u^2 =$

    A) $\dfrac{\sum e^2}{n}.$ B) $\dfrac{\sum e^2}{n-1}.$

    C) $\dfrac{\sum e^2}{n-2}.$ D) $\dfrac{\sum e^2}{n-3}.$

8. Homoscedasticity refers to the error terms having :

    A)   Zero mean.   B)   Positive variance.

    C)   Constant variance.   D)   Positive mean.

9. Multicollinearity between the variables, income and wealth is :

    A)   Low.   B)   Negative.

    C)   Positive.   D)   Zero.

10. ANCOVA model includes :

    A)   Only quantitative variables.   B)   Only qualitative variables.

    C)   Only categorical variables.   D)   Both qualitative and quantitative variables.

11. Autocorrelation is more likely a problem of :

    A)   Cross-section data.   B)   Time-series data.

    C)   Pooled data.   D)   Panel data.

12. The process of removing the seasonal component from a time series sample data is known as :

    A)   Seasonalisation.   B)   Seasonality.

    C)   Deseasonalisation.   D)   Seasonal trend testing.

13. If errors are not normally distributed then the OLS estimators are :

    A)   Biased.   B)   Nonlinear.

    C)   Inefficient.   D)   Still BLUE but t- and F-test are invalid.

14. The coefficient of overfitted model is :

     A)   Biased coefficient.   B)   Inconsistent coefficient.

     C)   Inefficient coefficient.   D)   Insufficient coefficient.

15. Which of the following measures is not suitable for out-of-sampling forecasting ?

     A)   AIC.   B)   SIC.

     C) R^2.   D)   All the above.

                                              $(15 \times 1/5 = 3$ weightage)

Part B (Very Short Answer Questions)

Answer any **five** *questions.*
Each question carries a weightage of 1.

16. What is Econometrics ?

17. Give the meaning for cross-section data.

18. What is meant by sample regression function ?

19. Give an example for a multiple linear regression model.

20. Bring out the need for Chow test in data analysis.

21. What is a autoregressive scheme ?

22. Specify constant elasticity model.

23. Define specification error.

                                              $(5 \times 1 = 5$ weightage)

Part C (Short Answer Questions)

Answer any **seven** *questions.*
Each question carries a weightage of 2.

24. Explain the framework for econometric modeling.

25. The estimated function from a sample of 700 observations is as follows.

     $\hat{Y} = 100 + 4.5\,X$

     SE (20) (1.5)

Test the significance of the parameters at 5 percent level.

Turn over

26. Distinguish between R^2 and adjusted R^2.

27. Explain the large sample properties of estimators.

28. State and explain the consequences of autocorrelation.

29. Bring out the sources for heteroscedasticity.

30. Write a note on semi-log model.

31. How will you explain piecewise linear regression ?

32. Illustrate the criteria that a model chosen for analysis should satisfy.

33. Briefly explain about linear probability model.

$(7 \times 2 = 14$ weightage$)$

Part D (Essay Questions)

Answer any **two** *questions.*
Each question carries a weightage of 4.

34. For the following data $Y_i = b_0 + b_1 X + u_i$, estimate the parameters.

Y		6	7	9	10	10	10	11	11	12	14
X	:	4	8	6	8	9	11	7	7	10	10

35. Prove that OLS estimators are linear and unbiased.

36. Describe the remedial measures to overcome multicollinearity.

37. Illustrate ANOVA model and interpret the results. Mention the precautions in its applications.

$(2 \times 4 = 8$ weightage$)$