



# ST. FRANCIS DE SALES COLLEGE

A FRANSALIAN INSTITUTE OF HIGHER EDUCATION AUTONOMOUS

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END SEMESTER EXAMINATION -APRIL 2025

COMMERCE - I SEMESTER M.COM

24MCO13: PRINCIPLES AND PRACTICES OF BUSINESS  
DECISIONS

Time: 3 Hours

Max.Marks: 70

Instructions: Answer should be written completely in English

## SECTION- A

1. Answer any SEVEN Questions. Each question carries TWO Marks.

(7X2=14)

- a. Mention any two scope of managerial economics.
- b. Define public finance and its branches.
- c. What is the principle of maximum social advantage in public finance?
- d. Define the concept of National Income.
- e. What are economies of scale? Give an example.
- f. What is the law of diminishing returns in production?
- g. Explain the concept of product-line pricing.
- h. What is price leadership?
- i. How does an oligopolistic market work?

## SECTION -B

Answer any FOUR Questions. Each question carries FIVE Marks.

(4X5=20)

2. Discuss the difference between NNP (Net National Product) and NDP (Net Domestic Product).
3. Discuss the methods of debt redemption and the concept of a debt trap.
4. Compare and contrast the cardinal and ordinal utility approaches in consumer choice theory.
5. Discuss the stages of production with one and two variable inputs. How do they affect output and cost



6. With the help of the following data adopting total outlay method, find out price elasticity of demand and show the graphical representation.

Price per unit (in Rs.)	18	15	12	18	15	12	18	15	12
Quantity demanded	650	750	850	650	780	975	650	828	1,050

7. Discuss the role of transfer pricing in multinational corporations. How does it impact their financial reporting and taxation.

### SECTION- C

Answer any TWO Questions. Each question carries TWELVE Marks.

(2X12=24)

8. Explain the concept of public expenditure, the factors contributing to its growth, and its economic effects on the national economy

9. Discuss the concept of revealed preference theory and its implications in understanding consumer behaviour.

10. A Cement factory reports the following sales of cement as shown against various years. Estimate the sales for the next two years i.e. for 2013 and 2014 with the help of least square method.

Sales in lakhs	Year
90	2008
80	2009
70	2010
80	2011
60	2012

11. Evaluate the impact of pricing on business decisions, including production strategies, marketing strategies, and profitability. How does pricing influence a firm's competitive position in the market?



## SECTION-D

Compulsory skill based question on subject

(1X12=12)

### 12. Canon's Taxation Strategy

**Background:** Canon Inc. is a multinational corporation headquartered in Japan, renowned for its imaging and optical products, including cameras, camcorders, and printers. Over the years, Canon has expanded its operations globally, establishing production facilities, research and development (R&D) centers, and sales offices in multiple countries. As a global business, Canon faces diverse taxation policies in different regions, and it must devise an effective tax strategy to optimize its tax liabilities while complying with international tax laws.

Canon's tax strategy is centered around reducing its effective tax rate through tax-efficient structures and the use of available tax credits and deductions. The company operates in several jurisdictions with different tax rates and regulations. Additionally, it engages in transfer pricing arrangements for its intercompany transactions, and it has significant intellectual property (IP) assets, which are subject to complex tax rules.

The company is currently reviewing its taxation policies and the implications of recent tax reforms, particularly in the U.S. and Japan, which have introduced changes that affect its tax planning strategies. For example, the U.S. Tax Cuts and Jobs Act (TCJA) of 2017 lowered corporate tax rates and introduced the global intangible low-taxed income (GILTI) tax, which affects companies with intellectual property income. Japan, Canon's home country, has also introduced a new tax regime that aims to stimulate domestic investment by providing tax incentives to companies that invest in R&D and technology.

Given the global reach of Canon's operations, its tax strategy must navigate complex international tax laws and ensure compliance with transfer pricing regulations, withholding taxes, and anti-avoidance rules.

#### Questions:

- a) How does Canon's global tax strategy help the company minimize its tax liabilities across different jurisdictions?
- b) What are the potential risks associated with Canon's tax planning strategies, including transfer pricing and IP management?
- c) How have recent U.S. tax reforms, such as the TCJA and the GILTI tax, impacted Canon's tax strategy?
- d) What role does tax compliance play in Canon's corporate governance and reputation, particularly in light of international scrutiny over tax avoidance practices?
- e) How can Canon utilize tax incentives in Japan's new tax regime to enhance its business operations and investment in R&D?

