

Duration: 2 1/2 Hrs

Marks: - 100

Note:-

All Questions are compulsory**Figures to the right indicate maximum marks.**

1.A) Choose the most suitable answer from the given options and rewrite the statement. (Any Ten) (10)

Demand Curve faced by an individual seller under perfect competition is _____. (CO,PO,R,U)

- (a) Downward and gradual (b) Downward and steep (c) vertical (d) horizontal.

A monopolist usually produces _____. (CO,PO3,R,U)

- (a) less than optimum output (b) more than optimum output (c) optimum output (d) limited output.

In monopolistic competition there are _____. (CO3,PO2,A,R)

- (a) few sellers (b) more sellers (c) many sellers (d) no sellers.

A project is profitable if NPV is _____. (CO4,PO1,AN)

- (a) Zero (b) One (c) Negative (d) Positive).

Dumping takes place when a monopolist _____. (CO3,PO1,AN,AP)

- (a) has monopoly in the world as well as home market
 (a) has monopoly in the world market
 (c) has monopoly in the world and competitive market
 (d) has monopoly in the home market and competitive market

Collusive oligopoly is beneficial to _____. (CO2,PO1,R)

- (a) consumer (b) producers (c) new entrants (d) nor producers nor consumers.

_____ is not a characteristic of capital expenditure. (CO4,PO2,R,U)

- (a) The current outlay of funds with future expectations
 (b) The source through borrowed funds
 (c) Through scarce
 (d) Incurring only by private sector

Marginal cost pricing is generally followed by _____. (CO3,PO1,AN)

- (a) Private enterprises
 (b) Small and medium enterprises
 (c) Public sector enterprises
 (d) Large private MNC's

In the long run, a firm in monopolistic competition, will earn _____. (CO2,PO1,AN,E)

- (a) Excess profit (b) Loss (c) Normal profit (d) May earn excess or normal profit.

- 10) Demand for a monopoly firm's product _____. (CO1,PO3,AP,C)
 (a) perfectly elastic (b) less elastic (c) no elastic (d) perfectly inelastic.
- 11) A firm's equilibrium output is produced at a point _____. (CO1,PO1,E)
 (a) $MC = MR$ (b) $MC > MR$ (c) $MC < MR$ (d) $MC > AR$.
- 12) Under perfect competition price is determined by _____. (CO1,PO2,C)
 (a) total demand & supply (b) the government (c) the government & individual
 (d) price leader.

Q.1.B) state whether the following statements are True or False: (Any Ten) (10)

- 1) Cartels are not beneficial to consumers. (CO3,PO1,AN)
- 2) In perfect competition commodities are differentiated. (CO1,PO2,AP)
- 3) In the long run firms may enter or leave the industry. (CO1,PO2,AN)
- 4) There is no entry for a new firm to a monopoly market. (CO1,PO2,AN)
- 5) Some economists consider advertisements as being wasteful. (CO2,PO1,R,U)
- 6) Public enterprise may charge a price equal to their MC. (CO2,PO3,AP.C)
- 7) Capital expenditure decisions are often reversible. (CO2,PO2,AN)
- 8) Price is very flexible in oligopoly. (CO2,R,U,E,C)
- 9) In dumping, a monopolist is a price taker in the world market. (CO3,PO1,AN)
- 10) Full cost pricing method has certain limitations. (CO3,PO1,AN)

Q.2. Answer the following: (15M)

- (A) Explain long run equilibrium of a firm. (CO1,PO1,AN) (8Mk)
- (B) Explain different types of market. (CO1,PO3,R,U) (7Mk)

OR

- (A) Explain the features of monopoly. (CO1,PO2,R,U) (8Mk)
- (B) Explain the features of perfect competition. (CO1,PO3,R,U,E) (7Mk)

Q.3. Answer the following: (15M)

- (A) Explain the features of monopolistic competition. (CO2,PO1,R,U,AN) (8Mk)
- (B) Explain the role of advertisement. (CO2,PO3,R,U,E) (7Mk)

OR

- (A) What are the differences between Production & Selling cost. (CO2,PO1,R) (8Mk)
- (B) Explain the characteristics of oligopoly. (CO2,PO2,R) (7Mk)

Q.4. Answer the following:

(15Mks)

(A) Explain Cartel formation.

(CO2,PO1,E)

(8Mks)

(B) Explain transfer pricing in detail.

(CO2,PO2,An)

(7Mks)

OR

(A) Explain degrees of price discrimination.

(CO2,PO2,An)

(8Mks)

(B) Explain multiple product pricing in detail.

(CO2,PO2,Am)

(7Mks)

Q.5. Answer the following:

(15Mks)

(A) Explain the significance of capital budgeting.

(CO3,PO3,Ap)

(8Mks)

(B) Explain pay back period method. Discuss its merits & demerits.

(CO3,PO3,AM)

(7Mks)

OR

(A) The following table shows four projects with their initial investments and

annual cash inflows. calculate the payback period for each project and rank them.

(8Mks)

(CO3,PO2,AN,AP)

Project	Initial investment	Cash Inflows		
		1	2	3
A	4,00,000	2,00,000	2,00,000	2,00,000
B	4,00,000	1,60,000	2,50,000	3,50,000
C	4,00,000	2,00,000	3,00,000	5,00,000
D	4,00,000	3,00,000	1,00,000	2,00,000
E	4,00,000	4,00,000	4,00,000	4,00,000
F	4,00,000	1,90,000	20,000	6,00,000

(B) Comparison between NPV & IRR method.

(CO3,PO1,AN)

(7Mks)

Q.6. Attempt A & B or write short notes on: (Any 4)

(20Mks)

(A) Explain short run equilibrium of a firm.

(CO1,PO1,AN)

(B) Explain the steps in capital budgeting.

(CO4,PO2,E)

OR

Write short notes on: (Any 4)

(20Mks)

1) Dumping

(CO3,PO1,AN)

2) Price leadership

(CO2,PO2,AP)

3) Sources of monopoly power.

(CO1,PO2,A)

4) Kinked demand curve

(CO2,PO1)

5) Distinguish between collusive & non-collusive.

(CO2,PO1,AP)

6) Conditions of price discrimination

(CO2,PO,AP)