FyBcom Paper / Subject Code: 76107 / Business Economics-II / Hy 2

Time:	3Hou	rs	Marl	ks: 100
NB.			2. All questions have internal choice.	
		raw neat diagrams wherever necessary. Gures to the right indicate full marks.	4. Use of simple calculator is perm	itted.
	Jarig	dies to the right indicate run marks.		
1. A)	Choose	e the most suitable answer from the given or	otions and rewrite the statements	(10)
	(any T			
	i.	Which of the following does not determine	e the structure of a market?.	
		a) Nature of commodity	b) Number of sellers	
		c) Use of selling cost	d) None of these	
	ii.	A competitive firm will maximize profit	nt the level of output at which Margina	
		revenue equals		
		a) Average cost	b) Average variable cost	
		c) Total cost	d) Marginal cost	
	iii.	Demand for a monopoly firm's product i		·
		a) Perfectly inelastic	b) Perfectly elastic	
	iv.	c) Relatively inelastic Selling cost helps a firm under Monopolis	d) Relatively elastic	
	IV.	a) To increase demand for the product	b) To widen the market	
		c) To create awareness of the product	d) All of these	
	V.	Which of the following is not a pattern of		
	٧.	a) Price war	b) Non price competition	
		c) Price leadership	d) Price control	
	vi.	Firms in Oligopoly market have a	demand curve	
		a) Horizontal	b) Vertical	
		c) Indeterminate	d) Discontinuous	
	vii.	Which of the following is not an objective		
		a) Survival	b) Profit	
		c) Market share	d) None of these	
	viii.	Price discrimination is generally practiced		
		a) Perfect competition	b) Monopoly	
	1	c) Monopolistic competition	d) Oligopoly	
	ix.	Which of the following is a determinant of	f price ?	
		a) Market structure	b) Objectives of the firm	
1		c) Government policies	d) All of these	
	Χ.	A project indicates investment in		
		a) A new business	b) Expansion of existing business	
		c) Both of these	d) Neither of these	
	Xi.	Capital budgeting relates to		
		a) Pricing of products	b) Borrowing of funds	
		c) Long term investment	d) Short term investment	
	xii.	A project is more likely to be accepted if	the Discounted Present Value is	
		a) More than investment	b) Less than investment	
		c) Equal to investment	d) Equal to Zero	
1 B)	State u	hether the following statements are topic	F-1 (TF)	
1. D)	i Ar	hether the following statements are true or harket is a well defined goographical areas	laise (any Ten)	(10)
	ii Th	narket is a well-defined geographical area w	mere buyers and sellers meet.	
	iii In	nder Perfect competition, average revenue is Monopoly, the firm and industry are one an	d the same	
A WY	111 111	monopoly, are firm and moustry are one an	u me same,	

Paper / Subject Code: 76107 / Business Economics-II

iv. A firm under Monopolistic competition produces less than optimum output. v. Cartel helps to avoid cut throat competition among Oligopoly firms. vi. Oligopoly market experiences price flexibility. vii. Full cost pricing ensures reasonable profit.	
viii Discriminatory pricing is practiced in a competitive market.	
ix Complementarity is a form of product interrelationship,	77.9
x Investment decisions have only short term implications. xi Capital budgeting ensures better utilization of resources.	
xi Capital budgeting ensures better utilization of resources. xii Pay back period is the ratio of initial investment to Annual cash flow.	
All I by back period is the ratio of initial investment to Annual Cash flow.	
2. Attempt A and B or C and D	
A) Discuss the characteristics of a perfectly competitive market.	(8)
B) Explain firm's equilibrium under monopoly in the short run. OR	(7)
C) Discuss the short run equilibrium of a firm under perfect competition with differentia	1
cost conditions.	(8)
D) Describe the different sources of Monopoly power.	(7)
2 A# A ID C ID	
3. Attempt A and B or C and D A) Explain the following features of Monopolistic Competition	(0)
i) Product differentiation ii) Group of firms	(8)
B) Discuss the "kinked demand curve" model of Oligopoly pricing	(7)
OR	(7)
C) "A firm under Monopolistic competition tends to earn normal profit in the long run" - Discuss	(8)
D) Describe the salient features of Oligopoly market	(7)
	()
4. Attempt A and B or C and D	
A) i) Explain briefly full cost pricing	(4)
ii) Using the following information, calculate the full cost price	(4)
Average Fixed cost: Rs. 500, Average Variable cost: Rs. 100,	
Expected profit margin: 12%	
B) Explain, with the help of a diagram, monopoly equilibrium with price discrimination	(7)
OR C) Explain, with an example, Transfer pricing without external market	(0)
D) Discuss pricing of multiple products	(8)
	(7)
5. Attempt A and B or C and D	
A) Elaborate the significance of Capital Budgeting	(8)
B) A Business firm has to choose between five alternative projects, all of which will involve the some overall time of Po. 5.00.000. The	
involve the same expenditure of Rs. 5,00,000. The average annual return expected from these projects are as follows:	
Project I II III IV V	
Average Annual Return(Rs.) 100000 200000 125000 175000 150000	
Using Pay Back Period criterion, select the most suitable project. Justify your answe	r (7)
OR	1. (7)
C) A company wants to invest Rs. 10,00,000 in a new project. The project is expected	
to give a return of Rs. 2,50,000 per year over a period of 5 years.	
i) Calculate the Discounted present value (rate of discount 10%)	(5)
ii) Find out the Net Present Value	(1)
iii) Comment on the profitability of the project	(2)
67531 Page 2 of 7	

Paper / Subject Code: 76107 / Business Economics-II

D) Explain the Internal Rate of Return criterion of investment appraisal	(1)
Comment on the following	(20)
A) "A firm in the short run may incur losses and still continue in business"	
B) "Selling cost is a necessary evil under imperfect competition"	
OR STATE OF THE PROPERTY OF TH	
Write notes (Any Four)	(20)
i) Market structure	
ii) Non price competition	
iii) Excess capacity	
iv) Dumping	5000
v) Marginal cost pricing	
vi) Steps in capital budgeting	New York
	J. C. J. C. J.
	Comment on the following A) "A firm in the short run may incur losses and still continue in business" B) "Selling cost is a necessary evil under imperfect competition" OR Write notes (Any Four) i) Market structure ii) Non price competition iii) Excess capacity iv) Dumping

67531