

- N.B. (1) All questions are compulsory  
 (2) Draw neat diagrams wherever necessary  
 (3) Use of simple calculator is permitted  
 (4) Figures to the right indicate full marks

**Q 1. (A) Select the best answer from the given options and rewrite the statement.**

**(Any Ten)**

10

1. Economists call a market that has only one producer.....  
 a. Monopoly b. oligopoly c. perfect competition d. monopolistic competition (CO2,CO3,PO2,RU)
2. Collusive oligopoly takes the form of Centralized.....  
 a. Kinked b. Cartel c. Joan Robinson(CO1,CO2,PO3,An)
3. In the case of dumping , marginal revenue curve for world market is.....  
 a. vertical to X axis b. Parallel to Y axis c. Horizontal, parallel to X axis
4. Under perfect competition AR curve and ..... (CO1,CO3,PO2,U,AN)  
 a. MR curve are same b. MR curve are different c. MR curve are same as well as different
5. ....may be defined as the compounded value of future cash flows  
 a. Present value b. Future value c. Past value(CO2,PO3,U,APP)
6. Capital budgeting deals with.....decision.  
 a. Short term b. Long term c. medium term (CO1,CO3,PO3,U,E)
7. Goods that are excludable are .....goods.  
 a. Private b. public c. private and public (CO2,PO1,E)
8. Investment to replace obsolete equipment is generally done for .....  
 a. expansion of production capacity b. contraction of production capacity c. zero capacity. (CO1, CO2,PO2,U,AN)
9. ....cost is also referred as direct cost  
 a. Fixed b. variable c. zero (CO1,PO3,U)
10. Excess profit is earned when .....  
 a.  $AR > AC$  b.  $AR = AC$  c.  $AR < AC$  (CO2,PO1,AN)
11. A project is profitable if NPV is.....  
 a. positive b. negative c. zero (CO1, CO3,PO3,U)
12. NPV stands for .....  
 a. Net Present Value b. Net Perfect Value c. Net Past Value (CO2,CO3,PO1,U)

**(B). Write whether the following statements are true or false (Any Ten) 10**

1. Under marginal costing pricing  $P=MC$  (CO1,CO2,PO2,PO3,E)
2. Longer the period of project, smaller may be the risk and uncertainty. (CO2,CO3,PO2,PO3,AN,C)
3. In the long run monopolist must not have any profit. (CO2,CO3,PO1,PO3,R,U)
4. The condition that  $P = MC$  is the direct requirement for which type of Allocative efficiency (CO2,PO2,PO3,APP)

5. When  $TR > TC$  there is Super normal profit (CO1,PO1,PO3,E,AN)
6. Variable cost is also referred as direct cost (CO2,PO1,PO3,R, U)
7. Future value may be defined as the compounded value of future cash flows. (CO1,CO2,PO3,PO4,E,CR)
8. Downward is expressed as a fixed percentage. (CO2,PO2,PO3,U,R)
9. A similarity between monopoly and monopolistic competition is that in both market structures Sellers are price makers and not price takers. (CO2,CO3,PO2,U,AN)
10. Transfer pricing is regulated by Government (CO1,PO3, U,AN)
11. Investment to replace working but obsolete equipment with more efficient ones is generally done for Cost reduction. (CO2,PO2,PO3,APP)
12. An oligopoly market has many sellers. (CO1,PO2,U,AN)

**Q 2. Attempt A and B OR C and D**

- A) Explain different types of market in detail (CO1,PO3, U,AN) 08  
 B) Explain the meaning and features of perfect competition? (CO1,PO2,U,AN) 07

OR

- A) Explain the long run equilibrium of the industry? ((CO1,PO2,U,AN)  
 B) What is monopoly and what are its features? (CO1,PO2,U,AN)

**Q 3. Attempt A and B OR C and D**

- A) Explain short run equilibrium of monopolistic competition. (CO2,PO2,U,AN) 08  
 B) Explain the characteristics of Oligopoly ( CO2,PO3,U,AN,APP) 07

OR

- A) What is Non-Collusive Oligopoly (CO2, PO3,U,AN,APP) 08  
 B) What are the characteristic of monopolistic competition(CO2,PO2,U,AN) 07

**Q 4. Attempt A and B OR C and D**

- A) Explain the degrees of Price discrimination (CO1,PO1,APP,E) 08  
 B) Explain cost plus pricing in detail (CO1,CO2,PO1,U,AN,APP) 07

OR

- A) What are the conditions for discrimination? (CO1,PO1,U, E) 08  
 B) Explain multiple product pricing (CO1,PO1,APP,E) 07

**Q 5. Attempt A and B OR C and D**

- A) Explain meaning and importance of Capital Budgeting (CO1,PO1,R, E) 08  
 B) Explain different techniques of Investment Appraisal (CO2,PO3,PO4,AN,E,CR)07

OR

- A) Explain Net Present Value method of evaluation(CO2,PO4,E,CR) 08  
 B) Calculate pay back period and Ranking (CO2,PO1,R, E) 07

Project	Original investment	Net cash inflow in the year		
		Year 1	Year 2	Year 3
A	6000	5000	5500	6200
B	6000	2000	2500	2600
C	6000	1000	1000	1000
D	6000	5000	2000	4000

**Q 6. Attempt A and B OR Write short notes on any four:**

- A) Explain short run equilibrium in perfect competition (CO1,CO3,PO2,U,AN) 10  
B) Explain the advantage and disadvantages of advertising (CO2,PO3,R,U) 10

OR

**Write short notes on: (any 4)**

**20**

1. Conditions discrimination (CO2,PO3,CR)
2. Payback period (CO2,PO1,R, E)
3. Dumping (CO1,CO3,PO2,U,AN)
4. Kinked demand curve (CO2,PO3,AN)
5. Cartel (CO2,PO3,AN)
6. Distinction between monopolistic competition and perfect competition (CO2,PO2,U,AN)

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