

Q.1. Answer the following. (Any 2)

- Short –run equilibrium under different cost.
- Characteristic of oligopoly.
- Difference between perfect competition and monopoly.

(15)

Q.2. Explain the following. (Any 2)

- Dumping
- Degrees of Price Discrimination.
- Marginal cost pricing.

(15)

Q.3. Answer the following. (Any 2)

- Meaning and concept of market failure.
- Government intervention to correct market failure.
- Causes of market failure.

(15)

Q.4. Explain the following. (Any 2)

- Meaning and importance of capital budgeting.
- NPV and IRR
- Pay – Back period.

(15)

Q.5. A. State whether the following statements are true or false with reason. (Any 4) (08)

- A market structure depends on number of factors.
- In the long – run firm may enter or leave the industry.
- For price – discrimination product must homogeneous in quality.
- Marginal cost pricing does not apply to a private monopoly.
- Under imperfect competition, productive efficiency is always achieved.
- Government should never intervene in markets.
- Capital budgeting plays an important role in assisting business enterprises.
- Pay-back period method is the simplest capital budgeting method.

Q.5. B. Fill in the blanks. (Any 7)

(07)

- \_\_\_\_\_ is a feature of oligopoly.
  - Products are always identical
  - Products do not have any substitute
  - Products may be differentiated
  - None of the above
- In the long-run all costs are \_\_\_\_\_.
  - fixed
  - variable
  - avoidable
  - none of the above
- In oligopoly market there are \_\_\_\_\_.
  - many sellers
  - few sellers
  - single sellers
  - all the above
- Under dumping a monopolist's demand curve in the world market is \_\_\_\_\_.
  - Downward sloping and less elastic.
  - perfectly elastic
  - a Kinky demand curve
  - all the above
- \_\_\_\_\_ strategy uses various class distinctions.
  - Marginal cost pricing
  - Price discrimination
  - Product line pricing
  - Mark up pricing

- 6) \_\_\_\_\_ is not a feature of full-cost pricing method.
- a. Avoids frequent price change
  - b. Most popular method
  - c. Based on marginal cost
  - d. An ideal which most firms aim at
- 7) Market failure results when it fails to \_\_\_\_\_.
- a. earn supernormal profit
  - b. equal distribution of income
  - c. achieve pareto optimality
  - d. government intervention
- 8) The term market – failure refers to \_\_\_\_\_.
- a. a market that fails to allocate resources efficiently
  - b. an unsuccessful product
  - c. cut throat competition among firms
  - d. a firm that is forced out of business because of losses
- 9) Productive efficiency is obtained when production is \_\_\_\_\_.
- a. on PPC
  - b. inside PPC
  - c. outside PPC
  - d. all the above
- 10) A project is profitable if NPV is \_\_\_\_\_.
- a. zero
  - b. one
  - c. negative
  - d. positive
- 11) Present value may be defined as \_\_\_\_\_.
- a. The discounted value of future cash flows
  - b. The interest rate earned on future cash flows
  - c. The compounded value of future cash flows
  - d. The opportunity costs of future cash flows
- 12) Capital budgeting pertains to investment decision \_\_\_\_\_.
- a. Regarding acquiring capital assets.
  - b. balancing sources of funds and use of funds.
  - c. to help choose between alternatives.
  - d. all the above.