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FYBCOM (ATKT)

14/02/2017

SEM II

Business Economics

75 MARKS

Q1. Answer the following (Any 2) 15

A. Meaning and features of Perfect competition .
B. Equilibrium of a monopoly firm.
C. Selling cost and its effects.

Q2. Explain the following .(Any 2) 15

A. Conditions for Discrimination.
B. Meaning and degrees of price discrimination.
C. Cost-plus pricing.

Q3. . Answer the following (Any 2) 15

A. Causes of market failure.
B. Methods of Government intervention to correct market failure.
C. Productive and allocative inefficiency.

Q4. Discuss the following. (Any 2) 15

A. Meaning and importance of capital budgeting.
B. Meaning and steps of investment appraisal.
C. Comparison between NPV and pay-Back period

Q5. A) State Whether the following statements are true or false. Give reason.(Any 4) 08

1. In perfect competition , the seller is a price maker.
2. Demand curve of monopolistic is sloping upward from left to right.
3. For price discrimination product must differ in quality.
4. Full cost pricing method has certain limitation.
5. Product efficiency occurs when goods and services are produced on PPC.
6. Externalities are always negative.
7. Capital expenditure decisions are often reversible.
8. Capital budgeting decision do not face any difficulties.

B) Choose the correct answer and rewrite the statements.(Any 7) 07

1. A new firm can easily enter a/an ________ market.
   A) Oligopoly B) monopoly C) perfect competition D) All the above

2. In the long- run all costs are________
   A) Fixed B) Variable C) Avoidable D) All the above

3. A monopolist is a price ___________.
   A) Taker B) Maker C) Neither D) None of the above

4. Price Discrimination refers to ________

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A) Charging different prices for different commodities.
B) Charging different prices for same buyers at different times.
C) Charging different prices for same commodity to different buyers.
D) None of the above.

5. Marginal cost pricing is generally followed by ______
A) Private enterprises B) Small and medium enterprises
C) Public sector enterprises. D) Large private MNC's

6. Product efficiency is obtained when production is _______
A) On PPC B) Inside PPC C) outside PPC D) None of the above

7. Market failure results when it fails to ______
A) Earn super normal profit.
B) Equal distribution income
C) Achieve pareto optimality
D) All the above

8. A project is profitable if NPV is __________
A) Zero B) one C) Negative D) Positive

9. IRR refers to the ________
A) Rate of return that will make the present value of all future net.
B) Rate of interest.
C) Rate at which capital depreciates.
D) All the above.

10. Present value may be defined as ______________
A)The discounted value of future cash flow.
B) The interest rate earned on future cash flows.
C) The compounded value of future cash flows.
D) The opportunity cost of future cash flow.

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