VCD 16/11/19/FYBCOM/ATKT/SEM – II/Economics 100 Marks/3 Hrs

All the questions are compulsory

Q. 1 a) Fill in the blanks (any 10) (10)

1. Perfectly competitive Firm face ------------ demand curve.
   a) Horizontal b) Positively sloped c) Vertical d) Negatively sloped.
2. The zero profit point will occur where ------------
   a) MC = P B) MC = MU C) AC = P D) MR = MP
3. In the short run to stay in business the firm must cover --------------
   a) Total cost b) Fixed cost c) Variable cost d) Profit
4. Economist call a market that has any one producer ----------
   a) Perfect competition b) Monopoly c) Monopolistic competition
   d) Oligopoly
5. Under imperfect competition producers face ------------demand curve for their product.
   a) Horizontal b) an upward sloping c) a downward sloping d) a vertical.
6. ------------ quality for multiple product pricing.
   a) Printer and Computer b) Pen and Paper c) Jewellery and watches
   d) All the above
7. paul sweezy's model has a ------------demand curve.
   a) Vertical b) horizontal c) Diagonal d) Kinked
8. Transfer pricing has gained significant importance with the growth of --------------.
   a) Multinationals b) less developed countries c) Mergers
   d) None of the above.
9. Price Discrimination is possible when -----------------
   a) Markets are separately by distances b) There is perfect competition
   c) Both a and b d) neither a nor b.
10. under marginal cost pricing ------------------
    a) P = MC B) P = MP C) P = AC D) all the above.
11. -------------------- is an advantage of mark – up pricing.
    a) Cost recovery b) assured profit c) both a and b d) none of the above.
12. Payback period method focuses on ------------------
    a) Rate of profit b) rate of interest c) innovation d) None of the above.

Q.1 b) state whether the following statements are True or False (any 10) (10)

1. The term market structure to the type of market in which the firm operate.
2. A firm's marginal cost curve is also the competitive firms supply curve in the short run run.
3. The firm under perfect competitive is a price maker.
4. Group equilibrium refers to the adjustment of prices and products of few producers.
5. Product differentiation is any through patented features or trademarks.
6. A firm under oligopoly may have a kinked demand curve.
7. The monopolist may charge different prices in different markets for the same product.
8. Dumping is an example of international price discrimination.
9. Second degree price discrimination means charging the maximum price consumers are willing to pay.
10. Capital Budgeting decision are reversible.
11. In case of uneven cash inflows the payback period is determined with the help of average Cash flow.
12. Payback method is simple to understand and easy to calculate.

Q 2. a) What is a Market ? Explain in detail the term market structure. (08)
b) Explain the behavior of TR,AR nad MR of a perfect competition firm. (07)

Or

c) Explain long run equilibrium of a firm and Industry under perfect competition market. (08)

d) Explain the equilibrium of monopoly in short run period. (07)

Q .3 a) Explain the meaning and features of Monopolistic Competition. (08)
b) Explain the distinguish between production and selling cost. (07)

Or

c) Explain the meaning and characteristics of oligopoly. (08)
d) Explain price rigidity and concept in detail. (07)

Q 4. a) Explain degree of price discrimination. (08)
b) Explain equilibrium of price discrimination. (07)

Or

c) Discuss the marginal cost pricing. (08)
d) Explain the difference between multi product pricing and transfer pricing. (07)

Q 5. a) What is Capital Budgeting? Explain the importance of capital budgeting. (08)
b) Explain the Internal Rate of Return (IRR) (07)

Or

c) Discuss Net present Value Method of project evaluation. (08)
d) In the following table are four projects with the initial investments and annual cash Flows. Calculate the payback period for each project and rank the project. (07)

Project	Initial Investment	Annual Cash
A	30,000	7,500
B	20,000	4,000
C	15,000	7,500
D	10,000	10,000

Q 6. a) Explain the characteristics of Monopoly. (10)
b) Explain the short run equilibrium of a firm under Monopolistic Competition. (10)

Or

Q 6. Write short notes on (any 4)

1. Price Rigidity in oligopoly.
2. Full cost pricing
3. Mark up pricing strategy.
4. Carter
5. Transfer pricing
6. Steps in capital budgeting