VC-D **F.Y.B.Com-Economics- SemII A.T.K.T Exam Nov-2018- 75mks- 2 ½ hrs**

Note: (1) All Questions are Compulsory.

(2) All questions have internal choice.

(3) Draw neat Diagrams wherever necessary.

(4) Use of simple calculator is permitted.

(5) Figures to the right indicate full Marks.

Q.1) Answer the following. (Any 2) (15)

A) Long run equilibrium of a firm under perfect competition.

B) Sources of monopoly Power.

C) Selling cost and its effect.

Q.2) Explain the following (Any 2) (15)

A) Conditions for Price discrimination.

B) Meaning and degrees of Price discrimination.

C) Marginal Cost Pricing.

Q.3) 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.

Q.4) Discuss the following. (Any 2) . (15)

A) Meaning and importance of capital budgeting.

B) Steps in Investment Appraisal.

C) Comparison between NPV and Payback period.

Q.5) A) State whether the following statements are True or False, Give reason. (Any 04) (08)

1) It is easy for a new firm to enter an Oligopoly Market.

2) In perfect competition a firm is a price maker.

3) For a price discrimination product must differ in quality.

4) Pricing of a product should cover cost alone.

5) A symmetric information leads to market failure.

6) Externalities result in inefficient allocation of resources.

7) Capital budgeting pertains to investment decisions.

8) Payback period method is the simplest capital budgeting method.

Q.5) B) Choose the correct answer and rewrite the statements (Any 07) **(07)**

1) Demand curve of a firm in perfect competition is ________.

a) Horizontal b) Vertical

c) Downward sloping d) None of the above

2) In monopolistic competition there are ________.

a) Few sellers b) Many sellers

c) Two sellers d) Single seller

3) Price discrimination is profitable when ________.

a) Elasticity of demand is the same in different market.

b) Elasticity of demand is same in same market.

c) Elasticity differs in different market.

d) When demand is different market is perfectly elastic.

4) ________ pricing strategy uses various class distinctions.

a) Marginal cost pricing. b) Price discrimination.

c) Markup pricing. d) Product line pricing.

5) Productive efficiency occurs when ________.

a) Average cost is declining. b) Marginal cost is negative.

c) Maximum number of goods is produced with given amount of inputs.

d) None of the above.

6) ________ is not a feature of public goods.

a) Non rival in consumption

b) Non excludability

c) Free rider problem

d) Consumers voluntarily pay for such goods

7) A project is profit able if NPV is ________ .

a) Zero

b) Positive

c) Negative

d) One

8) Future value may be defined as ________ .

a) The discounted value of future cash flows.

b) The interest rate earned on future cash flows.

c) Time period required to recover original investment.

d) The compounded value of future cash flows.
