VC-D-28/4/22- ECONOMICS- FYBCOM II – 3HRS-100 MARKS

Note the Below:

1. All questions have internal choice.
2. Draw neat and suitable diagrams wherever necessary.
3. Use of simple calculator is allowed.
4. Figures to the right indicate full marks.

Q1. Choose the correct option and rewrite the statements. 50Marks.

1. A firm produces an equilibrium output where its ______________.
   a. AR=AC
   b. MR=MC
   c. TR=TC

2. Demand curve of a firm in perfect competition is______________.
   a. horizontal
   b. vertical
   c. upward

3. Total revenue = Price or AR * ______________.
   a. an equilibrium output
   b. no of units produced
   c. average cost

4. In perfect competition, AR = ______________.
   a. MR
   b. TR
   c. AC

5. A firm in the perfect competition is a______________
   a. Price maker
   b. price taker
   c. price regulator

6. When TR > TC then a firm in the perfect competition earn ______________.
   a. excess profit
   b. normal Profit
   c. loss

7. In ______________market structure there is only one seller.
   a. monopoly
   b. oligopoly
   c. monopolistic competition.

8. In the long run monopoly firm usually earns______________.
   a. excess profit

b. normal Profit
c. loss

9. In the short run, firm, Total Cost = Fixed Cost + ___________.
   a. Variable cost
   b. Average Cost
   c. Marginal cost

10. Product sold in monopolistic competition is ___________.
   a. homogenous
   b. differentiated
   c. inferior.

11. A firm in a monopolistic market require to incur___________.
   a. Production cost
   b. selling cost
   c. both

12. An economy functions efficiently when Price=MU= ___________
   a. AC
   b. MC
   c. TC

13. The concept of Kink Demand Curve developed by ___________.
   a. Paul Sweezy
   b. A. Curnot
   c. E. Chamberlin

14. In an oligopoly market, price remains ___________.
   a. regulated
   b. rigid
   c. flexible

15. There are ___________degrees of price discrimination.
   a. three
   b. two
   c. four

16. ___________degree price discrimination takes place when different prices are charged in different markets which are geographically at a distance.
   a. Third
   b. Second
   c. Fourth

17. Dumping resulting in international price discrimination is refers ___________ dumping.

a. Persistent
b. Predatory
c. Sporadic

18. Marginal Cost Pricing is followed by_______________
a. private manufacturing enterprises
b. private service enterprises.
c. Public undertaking.

19. In the formula P= C (1+M), C represents_______________.
a. Average variable cost
b. Average fixed cost
c. Fully allocated average cost.

20. _______________ pricing is a pricing strategy that uses various product class distinctions.
a. Multiple- product
b. Marginal cost
c. Full cost

21. Capital expenditure decisions are often_______________
a. difficult
b. irreversible
c. simple

22. A project is profitable if NPV is _______________.
a. Zero
b. One
c. Positive

23. In the Pay-Back period formula $P = \frac{C}{R}$, R represents_______________.
a. Annual cash inflow
b. Annual cash outflow
c. Annual net cash inflow

24. The NPV method based on the principle of _______________.
a. discounting
b. addition
c. subtraction

25. When NPV is positive, IRR will be _____________than the marginal cost of capital.
a. more
b. equals
c. less

Q2. Attempt any one from the following **10M**

a. Discuss various market structures
b. Explain the equilibrium of a monopoly in the short as well as in long run.
c. Compare Perfect Competition and Monopoly

Q3. Attempt any one from the following **10M**

a. What is selling cost? What are its effects?
b. Explain the meaning and features of oligopoly market structure.
c. Discuss the role of advertisement.

Q4. Attempt any one from the following **10M**

a. What is price discrimination? What are the different degrees of price discrimination?
b. Discuss the various conditions for price discrimination.
c. Explain the 'Marginal Cost Pricing' with suitable diagram.

Q5. Attempt any one from the following **10M**

a. Explain the meaning and importance of Capital Budgeting
b. Examine the Net Present Value method of project evaluation with suitable example.
c. A business firm has to select a project from four alternative projects, all of which involve the same capital expenditure of Rs. 1,00,000. The average net annual return expected from these projects are as below:

Project	A	B	C	D
Average Net annual return (in Rs)	10,000	20,000	25,000	50,000

Calculate the Pay-back period and rank it.

Q6. Write short notes on: (any TWO) **10M**

a. Shut down point
b. Sources of monopoly power
c. Transfer Pricing
d. Steps in Capital Budgeting