

AK-108

April-2025

Int. MBA, Sem.-IV (NEP)**Firms and Markets****Time : 2:00 Hours]****[Max. Marks : 50**

1. State and explain the features of Perfect Competition and Pure Competition. **10**
2. (A) Explain the features of Monopoly market. **5**
(B) With the help of a diagram, explain the case of a Supernormal profit-making firm in the short run under Monopoly. **5**

OR

2. (A) Explain the case of Multi-plant Monopoly. **5**
(B) State and explain the causes/origin of Monopoly. **5**
3. With the help of a diagram, explain the equilibrium of a firm in the short run under Monopolistic competition. Also discuss the situation of a firm incurring loss in the short run under the same conditions. **10**

OR

3. (A) Discuss the long run equilibrium of a firm under Monopolistic Competition. **5**
(B) Explain the concept of group equilibrium with the help of a diagram. **5**
4. (A) What is a cartel ? Describe price and output determination in a centralized cartel. What conditions are required for successful collusion ? **7**

OR

- (A) What is price leadership ? Why is it also called imperfect collusion ? Describe the different types of price leaderships that are observed in an oligopoly market. **7**
4. (B) Discuss any 3 competition-oriented pricing strategies used by firms in detail. **3**
5. Multiple Choice Questions : **10**
 1. Which of the following is not a feature of Perfect Competition ?
 - (a) Firm is a Price taker
 - (b) Firm's demand curve is perfectly elastic
 - (c) Heterogenous products
 - (d) Perfect Knowledge
 2. The Supply curve of the firm in the short run under Perfect Competition is :
 - (a) Downward sloping
 - (b) a part of MC curve
 - (c) Horizontal
 - (d) None of these

3. Which of the following is true in the context of Social cost of Monopoly ?
 - (a) Higher Prices and Lower Output
 - (b) Higher Output and Lower Prices
 - (c) Price and Output are always equal
 - (d) No change in Price and Output
4. Which kind of Price Discrimination under Monopoly is most common ?
 - (a) 1st degree
 - (b) 2nd degree
 - (c) 3rd degree
 - (d) Both (a) and (b)
5. Cournot's model is the case of:
 - (a) Perfect Competition
 - (b) Duopoly
 - (c) Oligopoly
 - (d) Monopolistic Competition
6. "All oligopolies are duopoly."
 - (a) True
 - (b) False
 - (c) Indeterminate
 - (d) None of the above
7. The kinked demand curve model is used to illustrate when :
 - (a) there are no economic profits in the long run in monopolistic competition.
 - (b) the demand curve is inelastic for price increase.
 - (c) oligopolists may tend to change prices infrequently.
 - (d) oligopolists earn no economic profit.
8. The prisoner's dilemma model could be used to explain all of the following except
 - (a) Wasted resources from excess advertising
 - (b) Huge defense expenditures by India and Pakistan
 - (c) Employees trying to outperform each other in jobs
 - (d) Price fixing by firms in construction industry
9. Which of the following best describes marginal cost pricing ?
 - (a) Setting prices based on total costs, including both fixed and variable costs.
 - (b) Setting prices based on the average cost of production.
 - (c) Setting prices based on the variable cost of producing one additional unit.
 - (d) Setting prices based on the highest possible profit margin.
10. A firm produces 10,000 units of commodity X at the TFC of ₹ 40,000 and TVC of ₹ 60,000. Find the price the firm should charge from its customers if it wants to make a net profit margin of 15% on cost. The firm uses cost plus method.
 - (a) ₹ 10.50
 - (b) ₹ 11.00
 - (c) ₹ 11.50
 - (d) ₹ 12.00