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1405E627

Candidate's Seat No: _____

IMBA (IIS)(NEP) Sem.-4 Examination
Firms and Market

Time : 2.00 Hours]

May-2025

[Max. Marks : 50

Instructions:

- All questions are compulsory.
- Read each question carefully before answering.

Q-1 Explain the General Equilibrium of a firm through TR and TC approach. [10 MARKS]

OR

Q-1 (a) Explain features and Equilibrium under Monopolistic Competition [10 MARKS]

Q-2 Explain features of a Perfectly Competitive Market and explain how the firm achieves equilibrium in the short and the long run. [10 MARKS]

OR

Q-2 (a) Explain the shutdown point and the breakeven point of a firm with the help of a diagram. [05 MARKS]

(b) Explain the cost-oriented pricing strategies. [05 MARKS]

Q-3 Explain the features of a monopoly and explain how the firm achieves equilibrium in the short and the long run. [10 MARKS]

OR

Q-3 (a) What do you understand by Multi-plant Monopoly? [05 MARKS]

(b) Explain the Social Cost of a Monopoly. [05 MARKS]

Q-4 Explain the Cournot's Model of Duopoly [10 MARKS]

OR

Q-4 (a) Explain collusive and Non-Collusive Oligopoly in detail. [05 MARKS]

(b) Explain Prisoner's Dilemma as a case under oligopoly.

[05 MARKS]

Q-5 Attempt ANY TEN out of twelve.

[10 MARKS]

1. Which of the following pricing methods involves setting price based on prevailing industry prices?
 - a) Skimming
 - b) Going-rate pricing
 - c) Administered pricing
 - d) Dumping
2. The social cost of monopoly includes:
 - a) Reduction in producer surplus
 - b) Lower consumer satisfaction and efficiency loss
 - c) Higher innovation
 - d) Zero economic profits
3. In monopolistic competition, long-run equilibrium implies:
 - a) $P = MC$
 - b) $P > AC$
 - c) $P = AC > MC$
 - d) $MR = AR$
4. The shut-down point is the point at which:
 - a) Marginal revenue equals marginal cost
 - b) Average variable cost equals marginal cost
 - c) Total revenue equals total cost
 - d) Price equals average variable cost
5. Excess capacity theorem under monopolistic competition implies that:
 - a) Firms operate at minimum LAC
 - b) Firms over-produce to gain market share
 - c) Firms produce below optimum capacity
 - d) Equilibrium is efficient
6. Which condition leads to zero economic profit in long-run perfect competition?
 - a) Entry barriers
 - b) Constant marginal cost
 - c) Free entry and exit
 - d) Product differentiation
7. Oligopoly differs from other market structures primarily due to:
 - a) Government regulation
 - b) Independence of firms
 - c) Mutual interdependence of pricing decisions
 - d) Homogeneous product only
8. Collusive oligopoly generally leads to:
 - a) Price war
 - b) Equilibrium instability
 - c) Price leadership or cartels
 - d) Higher elasticity of demand

9. In price leadership, the dominant firm:

- a) Waits for small firms to decide pricing
- b) Ignores market signals
- c) Sets price which others follow
- d) Is regulated strictly

10. Which of the following is not a feature of monopolistic competition?

- a) Free entry and exit
- b) Homogeneous product
- c) Product differentiation
- d) Large number of buyers and sellers

11. The marginal cost curve intersects:

- a) Average cost curve at its minimum
- b) Total revenue curve at maximum
- c) Demand curve at equilibrium
- d) Price curve at shutdown point

12. A firm under perfect competition cannot influence market price because:

- a) It is the only seller
- b) It has brand power
- c) It sells a standardized product
- d) Its marginal cost is increasing

***** END OF PAPER *****