TA-134

April-2013

BBA. (Sem.-IV)

CC 212 : MANAGERIAL ECONOMICS

Time : 3 Hours]   **[Max. Marks : 70**

Instructions :   (1)   Draw diagram wherever it necessary.

                     (2)   Right-sided figures indicate marks.

                     (3)   **All** questions are compulsory.

1.   (a)   Why AR & MR remain constant in perfect competition ? Explain with reason and diagram.   **7**

                                                       OR

           Explain price & output determination under perfect competition in a short run.

   (b)   Give meaning of monopoly and examine main characteristics of monopoly.   **7**

                                                        OR

           Discuss short run equilibrium of firm under monopoly.

2.   (a)   When price discrimination becomes possible and profitable ? Explain with conditions and equation.   **7**

                                                        OR

           Describe equilibrium of firm under discriminating monopoly.

   (b)   What is monopolistic competition ? Explain long run equilibrium of firm under monopolistic competition.   **7**

                                                        OR

           Write a note on excess capacity with diagram.

3.   (a)   Explain joint profit maximization model of oligopoly.   **7**

                                                        OR

           Define oligopoly and explain important features of oligopoly.

   (b)   Explain meaning, types and importance of price leadership.   **7**

                                               OR

           Explain duopoly model of Cournot.

4. (a) Distinguish between BEP & BEA. Explain assumptions of break even analysis. **7**

                        OR

     Describe chart method of break even analysis.

   (b) Explain cost plus pricing in detail. **7**

                  OR

     Discuss skimming pricing with examples.

5. Multiple choice questions : **14**

   (1) Under perfect competition firm's demand curve is _____.
     (a) Negative sloped   (b) Positive sloped
     (c) Horizontal   (d) Parallel to y-axis.

   (2) In the equilibrium situation under monopoly _____.
     (a) Price = MC   (b) Price > MC
     (c) Price < MC   (d) Price ≠ MC

   (3) Which formula is used to find out MR on the basis of given price & value of price elasticity of demand ?
     (a) $MR = P \times E$ (b) $MR = P\left(\dfrac{E-1}{E}\right)$

     (c) $MR = P\left(\dfrac{E+1}{E}\right)$ (d) $MR = \dfrac{P}{E}$

   (4) Which of the following feature does not belong to perfect competition ?
     (a) Homogeneous product
     (b) Restricted entry and exit
     (c) Perfect knowledge about market
     (d) Zero transportation cost

   (5) In the situation of discriminating equilibrium.
     (a) AR is same in both market.
     (b) MR is same in both market.
     (c) Quantity is same in both market.
     (d) Quantity is less in more elastic market.

   (6) Under monopolistic competition, long run equilibrium of a firm is characterized by _____.
     (a) AR = AC   (b) AR > AC
     (c) AR < AC   (d) AR ≠ AC

   (7) In the discussion of market structure long run is that period in which _____.
     (a) Firm can change its fixed factors
     (b) Firm cannot change its fixed factors
     (c) Firm cannot changed fixed or variable factors
     (d) Neither

(8) The demand curve facing a firm under oligopoly is
    (a) downward slopping   (b) horizontal
    (c) determinate   (d) indeterminate

(9) One characteristic is not typical of oligopoly is _____ .
    (a) horizontal demand curve
    (b) price leadership
    (c) too much importance of non-price competition
    (d) small number of firms in industry

(10) In which of following markets, a firm has to be extra-ordinary conscious of the rival's actions-reactions ?
    (a) Perfect competition   (b) Monopoly
    (c) Monopolistic Competition   (d) Oligopoly

(11) In duopoly model of Cournot, he assume that _____ .
    (a) Production cost is zero   (b) Revenue is zero
    (c) Profit is zero   (d) Neither

(12) True formula used to find out BEP in terms of volume of output is _____ .
    (a) $FC \div (P - AVC)$ (b) $FC + (P - AVC)$
    (c) $FC - (P - AVC)$ (d) $VC \div (P - AFC)$

(13) Formula for full cost pricing _____ .
    (a) $P = C (1 + m)$ (b) $P = C \div (1 + m)$
    (c) $P = C + (1 + m)$ (d) $P = C (1 - m)$

(14) Break even point is point of _____ .
    (a) profit   (b) loss
    (c) no profit no loss   (d) neither

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