PARUL UNIVERSITY
FACULTY OF MANAGEMENT
BBA- Mid Term Examination

Semester: IV   Date: 13/04/2017
Subject Code:6101254   Time: 2 hr:00min
Subject Name: Managerial Economics – II   Total Marks: 50

Instructions
1. Attempt all questions from each section.
2. Figures to the right indicate full marks.
3. Make suitable assumptions and draw diagram wherever necessary.

SECTION-A -25 Marks

Q.1 (a) Multiple Choice Question :   (03)

1.Under Perfect Competition a firm's demand curve is
(a) Negatively sloped
(b) Positively sloped
(c) Horizontal
(d) Vertical

2. A firm is in equilibrium when MC(Marginal Cost)=MR(Marginal Revenue) and
(a) MC is constant   (b) MC is rising
(c) MC is falling   (d) MC is negative

3. In the Equilibrium situation under monopoly
(a) Price > MC=MR
(b) Price< MC=MR
(c) Price = MC=MR
(d) none of the above

Q.1 (b) Define following terms :   (03)
a. Perfect Competition
b. Equilibrium
c. Monopoly

Q.2 Discuss the short run equilibrium of a firm under Perfect Competition.   (06)

Q.3 (a)Explain the conditions of equilibrium under monopoly.   (04)

(b) List down the features of Perfectly competitive market.   (03)

OR

Q.3 (a)Explain the conditions of equilibrium under perfect competition.   (04)

(b) List down the features of monopoly.   (03)

Q.4 Describe the long run equilibrium of a firm under monopoly market.   (06)

SECTION-B -25 Marks

Q.1 (a) Multiple Choice Question :   (03)

1.Formula for full cost pricing
(a) P=C (1+m)   (b) P=C + (1+m)
(c) P=C / (1+m)   (d) P=C (1-m)

2. Price discrimination is profitable when price elasticity of demand in different markets is
(a) same   (b) different
(c) less than unity
(d) greater than unity

3. Formula of contribution ratio
(a) (Total Sales Revenue- Total Variable cost)/ Total sales Revenue
(b) (Total Sales Revenue- Total Variable cost)* Total sales Revenue
(c) (Total Sales Revenue+ Total Variable cost)/ Total sales Revenue
(d) all of the above

Q.1 (b) Define following terms :   (03)
   a. Break Even Point

   b. Discriminatory Monopoly

   c. Dumping

Q.2   Explain with diagram Dumping as an example of International price discrimination.   (06)
Q.3   (a) List down the assumption of Break even analysis.   (04)

   (b) State the conditions of price discrimination policy.   (03)

<div align="center">OR</div>

Q.3   Write an explanatory note :   (07)
   a.   Cost Plus Pricing
   b.   Skimming Pricing

   Consider following information of Diamond Power limited :
Q.4   Output - 70,000 units
   Fixed Cost – Rs. 1,80,000
   Variable cost per unit – Rs. 5
   Selling Price per unit – Rs. 8   (06)
      (a) What should be output and sales at Break even point?
      (b) If the selling price is reduced to Rs. 7 per unit, how many units should be produced
         to yield same amount of profit as at present ?