

PARUL UNIVERSITY
FACULTY OF MANAGEMENT
BBA -Mid Term Exam 2019

Semester: IV

Subject Code:06101254

Subject Name: Managerial Economics - II

Date:28/2/2019

Time: 2hr:00 min

Total Marks: 40

Instructions

1. All questions are compulsory.
2. Figures to the right indicate full marks.
3. Make suitable assumptions wherever necessary.
4. Start new question on new page.

Q.1 Do as Directed.**A). Multiple choice type questions/Fill in the blanks. (Each of 1 mark)****(03)**

1. Under Perfect Competition , demand for firm's product is _____

a) more elastic	c) perfectly elastic
b) less elastic	d) perfectly inelastic
- 2 For monopoly market, MR and AR both are declining but

a) MR falls more rapidly than AR	c) MR falls less rapidly than AR
b) MR falls at the same rate as AR	d) none of the above
- 5 Price policy based on average cost is called _____

a) Skimming pricing	c) penetration pricing
b) full cost pricing	d) going rate pricing

B). Define the following. (Each of 1 mark)**(03)**

1. Equilibrium
2. Break Even Point
3. Skimming Pricing

C). Direct questions. (Each of 1 mark)**(04)**

1. List down any two features of perfect competition.
2. What are the conditions of equilibrium under monopoly ?
3. List down any four methods of pricing.
4. Give Formula of Break Even Sales.

Q.2 Answer the following questions.**A). Explain how a perfectly competitive firm attains its equilibrium in short run using diagram.****(07)**

Shalin Tyres limited has started its operation in the year 2016. As it is new in the market it wants to identify the level of sales at which It will earn zero profit and zero loss. As an economist advice the company on the same point using Break Even Analysis. Data of the company is as follows :

Materials per unit : Rs. 60

Wagers per unit : Rs. 120

B). Variables Charges per unit : 100% of wages**(08)**

Fixed Cost per annum : Rs. 6,00,000

Selling Price per unit: Rs. 400

Also help company to identify the number of units should be sold to earn Rs. 2,40,000 Profit.

Represent the above situations through diagram.

Q.3 Answer the following questions. (Any two -Each of 7.5 Marks)**(15)****A). Discuss the Long run equilibrium in monopoly market and list down the price determinants in long run.****B) Define dumping and explain how it is operated in two different countries markets providing suitable example.****C) With the help of real life examples discuss the Skimming pricing and Penetration Pricing policy.**