

**PARUL UNIVERSITY**  
**FACULTY OF MANAGEMENT**  
**B.B.A Summer 2018 - 19 Examination**

Semester: 4

Subject Code: 06101254

Subject Name: Managerial Economics - II

Date: 16/04/2019

Time: 10:30 am to 01:00pm

Total Marks: 60

**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.

**1 Do as Directed.****A). Multiple choice type questions/Fill in the blanks. (Each of 1 mark)****(05)**

1. Firms in perfect competition face a \_\_\_\_\_  
 a) perfectly elastic supply curve                      c) perfectly elastic demand curve  
 b) perfectly inelastic supply curve                      d) perfectly inelastic demand curve
2. Following are key features of monopoly except \_\_\_\_\_.  
 a) Diseconomies of scale                      c) influence over price  
 b) no close substitutes                      d) barriers to entry
3. Price discrimination is profitable when price elasticity of demand in different markets is \_\_\_\_\_  
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 a) same                      c) less than unity  
 b) Different                      d) more than unity
4. In the Kinked Demand Curve theory it is assumed that \_\_\_\_\_.  
 a) An increase in price by the firm is followed by others                      c) A decrease in price by the firm is followed by others  
 b) An increase in price by the firm is not followed by others                      d) Firms collude to fix the price
5. Which of the following are characteristics of Break even point?  
 a) There is no loss and no profit to the firm.                      c) Total revenue is equal to total cost  
 b) Contribution is equal to fixed cost.                      d) All of the above

**B). Define the following. (Each of 1 mark)****(05)**

1. Equilibrium
2. Discriminatory Monopoly
3. Excess Capacity
4. Cartel
5. Marginal cost pricing

**C). Direct questions. (Each of 1 mark)****(05)**

1. List down any two features of perfect competition.
2. What are the conditions of equilibrium in price discrimination?
3. Write down any two methods of pricing.
4. Give any two example of Oligopoly market.
5. 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)****B). Define dumping and explain how it is operated in two different countries markets providing suitable example.****(08)**

**Q.3 Answer the following questions.**

**A).**What is collusive oligopoly and describe different types of price leadership model of oligopoly. **(07)**

Gomanyisi 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. 300

**B).** Wagers per unit : Rs. 480 **(08)**

Variables Charges per unit : 100% of wages

Fixed Cost per annum : Rs. 10,00,000

Selling Price per unit: Rs. 1800

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.4 Attempt any two questions.(Each of 7.5 mark) **(15)****

1. Discuss long run equilibrium in monopoly market and list down the price determinants in long run.
2. Illustrate the two conditions of profitable price discrimination with the help of suitable example.
3. Define Duopoly. Explain the Cournot's Duopoly model using diagram also State its assumptions.
4. Compare and contrast the Skimming Pricing and Penetration pricing with real life examples.