PARUL UNIVERSITY
FACULTY OF MANAGEMENT
BBA., Summer 2017-18 Examination

Semester: 4	**Date: 18-05-2018**
Subject Code: 06101254	**Time: 02:00PM to 04:30PM**
Subject Name: Managerial Economics - II	**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.

Q.1 Do as Directed.

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

1. A perfectly competitive firm is in equilibrium when MC=MR and _____.
   - a. Mc is rising
   - b. Mc is diminishing
   - c. Mc is constant
   - d. MC is lowest

2. Under monopolistic competition, demand curve facing an individual firm is _____.
   - a. Horizontal
   - b. Upward sloping
   - c. Downward Sloping
   - d. Parallel to Y axis

3. Price discrimination is profitable when price elasticity of demand in both markets is _____.
   - a. Same
   - b. Different
   - c. Less than unity
   - d. More than unity

4. Who advanced kinked Demand curve model of Oligopoly?
   - a. Paul M. Sweezy
   - c. R. L. Hall
   - b. C. J. Hitch
   - d. all of the above

5. Formula for contribution ratio is _____.
   - a. TR-TVC/TR
   - c. TR – TVC/TFC
   - b. TR + TVC/TR
   - d. TR – TFC/ TR

B).Define the following. (Each of 1 mark)   **(05)**
1. Equilibrium
2. Discriminatory Monopoly
3. Excess Capacity
4. Cartel
5. Break Even Point

C).Direct questions. (Each of 1 mark)   **(05)**
1. Give two conditions of Equilibrium in Perfect Competition.
2. Give Any two examples of monopolistic competition.
3. What is price discrimination?
4. Differentiate Collusive and non collusive oligopoly.
5. List down any three advantages of full cost pricing policy.

Q.2 Answer the following questions.

A). Explain how a firm in perfectly competitive market attains equilibrium in short run.   **(07)**

B). Discuss the conditions of profitable price discrimination with the help of example.   **(08)**

Q.3 Answer the following questions.

A). State the assumptions of cournot's model and explain the cournot's duopoly model using diagram. **(07)**

B). Manan water pump manufacturing Ltd. has started his business in the year 2016-17. Being new in the market he wants to know what should be the level of output to make sure the company is earning zero profit. As an economist advice him on the this point considering following data by calculating Break even point: **(08)**

Materials per water pump Rs. 60
Wages per water pump Rs. 120
Variable charges per water pump - 100 % of wages
Fixed Overhead per annum- Rs. 6,00,000
Selling price per water pump – Rs. 400
Also advice the firm to earn the profit equal to Rs. 2,40,000 what quantity of water pumps to be

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

1. Discuss in detail the conditions of long run equilibrium on monopoly market.

2. What is dumping? Explain how it takes place using diagram. Do provide some examples of products being dumped in Indian market.

3. Define collusive oligopoly and explain the types of Price leadership model.
4. Compare the skimming pricing   and penetration pricing policy providing suitable examples.