



DC-010-001404

Seat No. _____

B. B. A. (Sem. IV) (CBCS) Examination

April / May – 2015

404 - Managerial Economics : Paper - II

Faculty Code : 010

Subject Code : 001404

Time : $2\frac{1}{2}$ Hours]

[Total Marks : 70

- Instructions :** (1) Both sections are **compulsory**.
(2) Each MCQ carries **one** mark and each descriptive question carries **10** marks.

SECTION - I MCQs Marks: 20 (One mark for each MCQ)

- 1 How can company maximize its profit under imperfect competition ?
(a) By change in price of product
(b) By improving a quality of product
(c) By incurring a selling cost or advertising a product
(d) (a) + (b) + (c)
- 2 _____ refers to all those methods which are adopted to gain as unfair advantages over the rival firms that is false advertisement, adulteration of goods and commercial bribery.
(a) Price competition
(b) Non-price competition
(c) Fair competition
(d) Unfair competition.

- 3 Can producer form a business organization to regulate supply of commodity in order to earn abnormal profit under perfect competition?
- (a) No.
 - (b) Yes.
 - (c) It depends upon no. of producers who join a business organization
 - (d) Customer union will not allow producer to form producer's union.
- 4 When an individual firm competes with the rivals firms by changing a price of product, this type of competition is called.....
- (a) Fair competition (b) Unfair competition
 - (c) Non-Price competition (d) Price competition
- 5 Select odd one :
- (a) Cost-plus pricing considers cost of production to determine price of product.
 - (b) Under a Peak load pricing, high price of product is charged from consumers who use a particular service during peak demand period.
 - (c) Skimming pricing implies charging high price in initial stage when product is new.
 - (d) Penetration pricing indicates to charge high and low prices to capture larger part of market.
- 6 Which of following is/are additional objective(s) of pricing in view of Philip Kotler?
- (a) Market penetration (b) Market skimming.
 - (c) Early cash recovery (d) (a) + (b) + (c)

- 7 What does promotion of long run welfare imply?
- (a) To stabilize price in order to maintain market goodwill or reputation.
 - (b) To discourage new producers from entering market.
 - (c) To make profit in short and long run.
 - (d) To alter a price of goods to cope up with change in market conditions.
- 8 Which of following statement is not true about cost-plus pricing?
- (a) Firm considers cost and competitive condition when it sets price of product.
 - (b) It ignores market condition in pricing a product.
 - (c) Under this pricing, price covers cost of production and reasonable profit.
 - (d) This method is easy to understand and apply.
- 9 Under which pricing method, the same delivered price is charged for all destinations irrespective of buyer's location?
- (a) Postage stamp pricing
 - (b) Multi stage pricing
 - (c) Dual pricing
 - (d) (a) + (b) + (c)
- 10 What is considered in deciding Quantitative discount?
- (a) Quantity purchased
 - (b) Scale of production
 - (c) Cost of production
 - (d) Level of demand
- 11 What is a price differentiation?
- (a) To charge different prices for same product from various customers.
 - (b) To charge uniform price for same product from various customers.
 - (c) To charge different prices for different products from various wholesalers.
 - (d) To charge different prices for different products from various retailers.

- 12** Find out incorrect statement :
- (a) Dual pricing means existence of two price systems (market and administrative) for same product.
 - (b) Normally administered price is lower than market price.
 - (c) Main objective of dual pricing is to make available essential goods to weaker segment of society at reasonable price.
 - (d) Administrative price is decided by interaction of market forces.
- 13** Where does breakeven point occur ?
- (a) Where TC curve and TR curve intersect to each other.
 - (b) Where TC curve is above TR curve.
 - (c) Where TC curve is below TR curve.
 - (d) Where TC curve crosses TR curve when it is minimum.
- 14** Which of following is incorrect statement about break-even chart ?
- (a) It is a graphical explanation of break-even point.
 - (b) TR curve originates from origin.
 - (c) TC curve also originates from origin.
 - (d) TFC curve is parallel to horizontal axis.
- 15** What is/are use(s) of breakeven analysis ?
- (a) To calculate breakeven point.
 - (b) To take decision regarding expansion of existing plant or setup new plant.
 - (c) To measure impacts of change in costs and revenue on breakeven point.
 - (d) All above

- 16** Which of following is not assumption of break-even analysis ?
- (a) Input prices remain same.
 - (b) Cost of production changes with change in prices of factors of production.
 - (c) Levels of production and sales are always same.
 - (d) It covers either single product or product mix.
- 17** _____ considers early cash recovery on investment.
- (a) Net present value method
 - (b) ARR method
 - (c) Accounting rate of return method
 - (d) Pay-back method
- 18** What does capital budgeting indicate ?
- (a) It means allocation of available funds among various projects.
 - (b) It means an estimation of cost of capital.
 - (c) It is an estimation of various kinds of capital expenditure.
 - (d) It refers to detailed plan of projection of capital inflows and outflows over future period.
- 19** What is supply of capital ?
- (a) It is a allocation of available funds among various projects.
 - (b) It is related with estimation of cost of capital.
 - (c) It is a problem of finding the sources from where capital will come and how much will be available.
 - (d) It is a detailed plan of projection of capital inflows and outflows over future period.

20 Select odd statement :

- (a) Capital rationing is problem of finding the sources from where capital will come and how much will be available.
- (b) ARR method takes into account the entire cash flows spread over life of project.
- (c) Sources of capital are of two types, internal and external.
- (d) Payback method is more appropriate when liquidity is essential.

SECTION - II Descriptive Questions : Marks: 50

(Each question carries 10 marks)

1 What is a market ? Discuss perfect competition.

OR

1 How does price competition differ from non-price competition ?

2 Discuss cost-plus pricing.

OR

2 Write detailed notes on skimming and penetration pricing.

3 What is a price differentiation? What are its objectives ?

OR

3 Discuss quantitative discounts.

4 What is a break-even analysis ? Explain breakeven chart.

OR

4 Examine applications of breakeven analysis.

5 Clarify concept of capital budgeting. Discuss nature of capital budgeting.

OR

5 Explain Net Present Value method.
