AAJ-010-001404 **Seat No.** ______

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

April / May - 2016

Managerial Economics - II

Faculty Code : 010
Subject Code : 001404

Time : $2\frac{1}{2}$ Hours] [Total Marks : **70**

Instruction : Both sections are compulsory.

SECTION - I

1 Multiple Choice Questions : **20**

(1) Which of the following market has few producers?
 (A) Perfect Competition
 (B) Monopoly
 (C) Oligopoly
 (D) Monopolistic Competition

(2) Can a producer raise his own market share by reducing the price of the product under perfect competition?
 (A) Yes, this is possible.
 (B) No, not possible
 (C) It depends on the size of the producer.
 (D) It depends on Government policy

(3) Which of the following is not a feature of oligopoly market?
 (A) An element of interdependence
 (B) Price flexibility
 (C) Many producers
 (D) Selling Cost

(4) What is the shape of the demand curve facing the firm under perfect competition?
 (A) Horizontal (B) Downward sloping
 (C) Upward sloping (D) Vertical

(5) Cost plus pricing is also known as______
 (A) Going Rate pricing
 (B) Full Cost pricing
 (C) Rate of return pricing
 (D) All the above

(6) Under which pricing method, the same delivered price is charged for all destinations irrespective of buyer's location?
   (A) Dual pricing
   (B) Postage stamp pricing
   (C) Multistage pricing
   (D) All the above

(7) Which price policy takes into account the life cycle of the product?
   (A) Cost plus pricing
   (B) Multi-stage pricing
   (C) Skimming pricing
   (D) Penetration pricing

(8) The objective of quantitative discount is_______
   (A) To induce producers to produce goods on a large scale
   (B) To encourage buyers to place larger order at the same time
   (C) To raise profits for all the sellers
   (D) To achieve control over the market

(9) Postage Stamp pricing means_______
   (A) Uniform price at all the locations of the buyers.
   (B) Uniform price at the point of origin
   (C) Different prices at different locations
   (D) Different prices at point of origin

(10) The aim of dual pricing is _______
   (A) maximum profit
   (B) maximum sales
   (C) maximum social welfare
   (D) minimum cost of transport

(11) What is administered price?
   (A) Price determined by demand and supply
   (B) Postage stamp price
   (C) Price determined by the government
   (D) Price charged from agents

(12) Price differentiation becomes profitable when_______
   (A) price elasticity of the product is different for different producers
   (B) demand is elastic in all the markets
   (C) demand is inelastic in all the markets
   (D) demand is unitary elastic in all the markets

(13) Breakeven analysis is not useful_______
- (A) To find breakeven point
- (B) To decide volume needed to get desired profit
- (C) To take decision regarding expanding plant capacity or not
- (D) To predict the future demand

(14) It is not possible to express break even point in terms of_______
- (A) units of output
- (B) percentage of plant capacity
- (C) percentage of sales of rival firms
- (D) percentage of Sales volume

(15) Break even point is a level of activity where a firm's_______
- (A) Abnormal profit equals total investment
- (B) Total revenue equals total fixed costs
- (C) Total contribution equals variable costs
- (D) Total revenue equals total costs

(16) Break even point shows the level of operation where _________
- (A) TR = TC
- (B) TR < TC
- (C) TR > TC
- (D) TR is zero

(17) Capital Budgeting is related with _______
- (A) Cost of capital
- (B) Demand of capital
- (C) Supply and demand of capital
- (D) Supply of capital

(18) Pay Back method measures_______
- (A) how quickly the investment may be recovered.
- (B) the cash flow from the investment
- (C) the profitability of the proposal over its economic life.
- (D) the profitability of the investment

(19) Which of the following method considers quick recovery on investment?
- (A) Pay back method
- (B) Net present value method.
- (C) ARR Method
- (D) Accounting rate of return method

(20) Capital Budgeting is
- (A) Allocation of available funds among various projects
- (B) Estimation of cost of capital
- (C) Estimation of various capital expenditure
- (D) Detailed plan of projection of inflows and outflows over future period

SECTION - II

1 Explain the concepts of price and non price competition. **10**

OR

1 Define the term 'Market'. Explain the classification of Markets. **10**

2 What is Pricing Policy? Discuss the various objectives of pricing policy. **10**

OR

2 Discuss in detail Cost plus pricing and penetration pricing. **10**

3 Explain the concept of price differentiation. Write a note on dual pricing along with its merits and demerits. **10**

OR

3 Explain the concept of Quantity price differential. Discuss its various types. **10**

4 Explain the concept of Break even point with the help of a diagram. **10**

OR

4 What is Break even analysis? Discuss the merits and demerits of Break even analysis. **10**

5 Define capital budgeting. Discuss the demand and supply of capital. **10**

OR

5 Discuss Payback and Net Present Value method of capital budgeting. **10**