Agashi Virar Arnala Education Society's

Padmashree Bhausaheb Vartak College

Semester-II

Question Bank for Business Economics-II

Answer the Questions:-

1. What are the conditions of perfect competition?
2. What is the significance of distinction between TFC and TVC for a firm's short run operational decision?
3. What is monopoly and what are its features?
4. What are the sources of monopoly?
5. Compare perfect competition and monopolistic competition in terms of their features, output, price and profit.
6. Explain the meaning and characteristics of oligopoly.
7. How does a price discriminating monopolist distribute the total output between the two markets?
8. Distinguish between Perfect competition and monopolistic competition.
9. Discuss the price rigidity situation in an oligopoly market with the help of a kinked demand curve.
   OR
10. Explain the meaning of dumping and equilibrium of a firm resorting to dumping in the world market
11. Define transfer pricing and explain how it affects a firm's profits.
12. Discuss full cost and marginal cost pricing. Bring out their advantages and disadvantages.
13. Discuss the meaning and importance of capital budgeting.
14. Explain the steps in capital budgeting.
15. A business firm must choose between fire alternative projects all of which will be involved the same expenditure of Rs. 500000. The average annual return expected from these projects are as follows:

Project	I	II	III	IV	V
Average Annual Return	200000 (Rs.)	300000(Rs.)	245000(Rs.)	345000(Rs.)	300000(Rs.)

Using payback period Criterion, select the most suitable projects. Justify your answer

16. Explain the long run equilibrium of a firm and industry

17. A firm in the short run may incur losses and continue in business

18. Advantages and limitations of full cost pricing

19. What is the source of monopoly?
20. Derive short run supply curve of a firm
21. Which of the following factors determine the structure of market.
22. Define perfect competition. What is the condition of perfect competition?
23. What is monopoly and what are the source of monopoly
24. What is monopolist competition? What are its features?
25. What is price leadership. Explains the types and Advantages of price leadership
26. Explain the short run and long run equilibrium of a firm under monopolistic competition?
27. Distinguish between collusive and non- collusive oligopoly markets
28. Explain the meaning and characteristics of oligopoly.
29. What is price discrimination? What are the different degrees of price discrimination?

30. Discuss the reasons for forming cartels and their effects.
31. ABC Limited produces Books for the local market. The company's cost data required mark-up and budgeted sales volume for the 1 year is given below:

Cost of manufacturing (material cost use of machinery)	600000
Fixed selling cost (advertising)	200000
Overhead cost (Rent etc.)	300000
Variable cost per unit	20
Mark-up required	40%
Budgeted sales volume	40000 Units

32. Discuss full cost and marginal cost pricing. Bring out their advantages and disadvantages.
33. A company wants to invest rupees 20000 in project the project is estimated to have the following expected annual cash flows

Year	Cash Flow (Rs.)
2	7000
3	7500
4	6000
5	5000

34. Discuss the meaning and importance of capital budgeting.
35. A business firm must choose between fire alternative projects all of which will be involved the same expenditure of Rs. 1000000. The average annual return expected from these projects are as follows:

Project	I	II	III	IV	V
Average Annual Return	500000(Rs.)	400000(Rs.)	600000(Rs.)	250000(Rs.)	200000(Rs.)

Using payback period Criterion, select the most suitable projects. Justify your answer.

35. Discuss briefly the following techniques of investment appraisal: (a) Pay-back period (b) Net present value

    Selling cost is a necessary evil under for imperfect competition

36. Explain the short run equilibrium of a firm and industry.
37. Explain the long run equilibrium of a firm and industry
38. Explain the equilibrium of monopoly in short as well as long run

    Explain short run equilibrium of a firm and industry

39. Distinguish between perfect competition and monopolistic competition.
40. How does a price discriminating monopolist distribute the total output between the two markets?
41. Explain how monopolistic competition firm is less efficient than a perfectly competitive firm
42. What is price leadership. Explains the types and Advantages of price leadership
43. Discuss the price rigidity situation in oligopoly.
44. Explain the equilibrium of an oligopoly firm facing kinked demand curve.
45. How does a price discriminating monopolist distribute the theory between the two markets?
46. Explain the types and limitations of price leadership
47. Explain the marginal cost pricing and its relevance to public sector and to a monopoly firm.
48. Examine the pay-back period method of project evaluation and bring, out its advantages and limitations.
49. A company wants to invest rupees 20000 in project the project is estimated to have the following expected annual cash flows

Year	Cash Flow (Rs.)
2	5000
3	5500
4	5000
5	4000

50. Three projects with the capital outlay and returns, with a life of 2 years are given below. calculate the payback period for each project as bank them

Project	Initial Investment Rs.	Net Cash flows	
		1st year Rs.	2nd year Rs.
A	3000	6000	0
B	3000	2000	4000
C	3000	3000	3330

51. Define transfer pricing and explain how it affects a firm's profits.

A firm in the short run may incur losses and continue in business

A. Normal profit and Excess profit

Write short notes on: -

1. Perfect competition
2. Monopolistic competition
3. Collusive And Non-Collusive Oligopoly
4. Marginal cost pricing
5. NPV and IRR method
6. Product differentiation
7. Role of advertising
8. Short run equilibrium with normal profit
9. Group Equilibrium
10. Pay Back Period
11. Market Structure
12. Dumping
13. Monopolistic competition
14. Long run equilibrium of industry and firm
15. Conditions for profitable price discrimination