Time: 2 ½ Hrs. **Marks: 75**

N.B: 1) All **Questions** are **Compulsory.**
2) Figures to right indicate full marks.
3) Draw **diagrams** wherever necessary.

Q.1 A. State whether the following statements are True or False. (Any Eight) (8)

1. Economics deals with the problem of scarcity of resources.
2. The demand curve has negative slope.
3. Price elasticity of demand for necessary commodities is less than one.
4. Small firms do not need to forecast demand.
5. Iso- cost line shows combination of labour and its cost.
6. Cheapening of materials and equipment is one of the external economies of scale.
7. An increase in variable cost will increase the Break Even sales.
8. OPEC is not an example of an explicit collusive oligopoly.
9. In monopoly price is determined by market demand and market supply.
10. Full cost pricing has certain limitations.

Q.1 B. Match the following. (Any Seven) (7)

Group A	Group B
1. Upward sloping	a. Oligopoly
2. Negative income elasticity	b. Persistent Dumping
3. Trend Method	c. Monopolistic Competition
4. Smooth Convex Isoquant	d. Place for buying and selling of goods.
5. Fixed proportion production function	e. Pecuniary economies
6. Internal economies	f. Supply
7. Market	g. Inferior goods
8. Selling cost	h. Statistical Method
9. Cartels	i. Continuous substitution
10. International price discrimination	j. Fixed combination of inputs

Q.2 A. Define Demand and explain its determinants. **(8)**

B. Explain the types of price elasticity of demand. **(7)**

OR

C. Ramesh and Suresh are assumed to be the buyer of commodity x. Given below is demand equation for Ramesh Qx = 50-2p and for Suresh Qx = 60 -3p, complete the following table. **(8)**

Price	Ramesh's Demand	Suresh's Demand	Market Demand
4			
5			
6			
7			

D. Explain the statistical method of demand forecasting. **(7)**

Q.3 A. Explain the law of returns to scale. **(8)**

B. Explain the various concepts of costs. **(7)**

OR

C. Given TFC (Total Fixed Cost) Rs.145. Calculate TC, AVC, AFC and MC. **(8)**

Units	0	1	2	3	4	5
TVC	0	30	55	75	105	155

D. Explain the concept of break-even point with the help of diagram. **(7)**

Q.4 A. What is market? Examine the various types of market. **(8)**

B. What are the characteristics of perfect competition? **(7)**

OR

C. Explain with the help of diagram how does a monopolistic competitive firms earns super normal profit, normal profit and loss in the short run. **(8)**

D. Discuss the kinked demand curve concept with the help of suitable diagram. **(7)**

Q.5 A. Explain in detail marginal cost pricing**.** **(8)**

B. Define price discrimination. Discuss its various degrees**.** **(7)**

OR

Q.5. Write Notes on. (Any 3) **(15)**

1. Opportunity Cost
2. Promotional elasticity of demand
3. Ridge lines
4. Arguments against advertising
5. Cost plus pricing
