

**Q.1. Answer the following ( Any 2)**

- A. Degrees of elasticity of demand
- B. Consumers surplus
- C. Meaning and types of demand forecasting

Q.2. Answer the following ( Any 2)

- A. Meaning and properties of isoquants.
- B. Law of variable proportion
- C. Meaning and types of production function

**Q.3. Answer the following ( Any 2)**

- A. Concept of cost
- B. Behavior of cost in long run
- C. Relationship between AC, AFC, AVC and MC curve.

**Q.4. Discuss the following: (Any 2 )**

- A. Growth maximization
- B. TR, AR and MR under perfect competition
- C. Uses and limitations of break even analysis

Q.5. A. State whether the following statements are true or false with reason. ( any 4)

1. All giffen goods are inferior goods
2. The elasticity of demand may differ at different points on the same demand curve.
3. Linear isoquant shows perfect substitutability of factors.
4. In the short – run throughout the first phase of production the marginal production rises.
5. In the short run the firm has to only incur variable cost.
6. Implicit costs are contractual payments made during the process of production.
7. A firm does not aim at maximizing normal profit.
8. At Break even point  $TR = TC$

**Q.5. B. Choose the correct answer and rewrite the statement. ( any 7)**

1. The income effect of a price change \_\_\_\_\_.
  - a) Is always positive
  - b) is always negative
  - c) may be positive or negative
  - d) is caused by changes in consumer tastes
2. Consumers surplus indicates \_\_\_\_\_ types of welfare.
  - a) Economic
  - b) social
  - c) Government
  - d) none of the above
3. The \_\_\_\_\_ method uses time series data.
  - a) Trend
  - b) end – use
  - c) sample survey
  - d) delphi
4. Increasing return to scale means \_\_\_\_\_.
  - a) Marginal product is constant
  - b) Proportion of change in output is exceeding the proportion of change in input
  - c) The marginal product curve is declining
  - d) Excellent management



