

Q1. Answer the following (Any 2)

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- A. Law of demand with its assumptions.
- B. Meaning and Degrees of price elasticity of demand.
- C. Method of Demand Forecasting.

Q2. Explain the following. (Any 2)

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- A. Isoquant and its types.
- B. Law of variable proportions.
- C. Economies and Diseconomies of scale.

Q3. Answer the following (Any 2)

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- A. Meaning and concepts of cost.
- B. Relationship between AC, AFC, AVC and MC curve.
- C. Behavior of cost in Short-run.

Q4. Discuss the following. (Any 2)

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- A. TR, AR, and MR under perfect competition.
- B. Profit maximization.
- C. Uses and limitations of BEA (Break Even Analysis)

Q5. A) State whether the following statements are true or false, Give Reason. (Any 4) 08

1. All giffen goods are inferior goods.
2. Demand forecasts are essential to plan future production.
3. Production function may change with technological changes.
4. In the short-run, in the third phase total product becomes negative.
5. Real costs are affected by the price of factors of productions.
6. If the price of the commodity falls, producer's surplus reduces.
7. Under perfect competition  $AR = MR = TR$ .
8. At Break- Even point  $TR = TC$ .

B) Choose the correct answer and rewrite the statements. (Any 7)

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I. A normal good can be defined as one which consumers purchase more of as \_\_\_\_\_

- A) Price fall      B) price rise      C) income fall      D) Income rise.

2. Consumer surplus equal to \_\_\_\_\_
- A) Total utility - price
  - B) Total utility - Total expenditure
  - C) Total utility - Marginal utility
  - ☒ D) None of the above
3. \_\_\_\_\_ Method is used to bridge the opinion given by different experts .
- A) Trend
  - B) end-use
  - C) Sample survey
  - D) Delphi
4. When TP is maximum, MP is \_\_\_\_\_
- A) Zero
  - B) Negative
  - C) Maximum
  - D) Constant
5. When MP is Maximum, \_\_\_\_\_
- A) AP is equal to MP rising
  - B) AP is declining
  - C) AP is maximum
  - D) AP
6. In the Short-run, a firm's fixed cost \_\_\_\_\_
- A) Is Zero
  - B) will always have to be incurred
  - C) Can be zero if production is zero
  - D) Will decline with every increase in output
7. The slope of the total cost curve equals \_\_\_\_\_
- A) Average variable cost
  - B) marginal cost
  - C) average cost
  - D) marginal physical product
8. Under \_\_\_\_\_ Price = AR = MR
- A) perfect competition
  - B) Monopoly
  - C) Oligopoly
  - D) Imperfect competition
9. Under Monopoly \_\_\_\_\_
- A) MR curve is below AR
  - B) MR and AR curve are the same

C) MR curve is above AR curve

D) None of the above

10. At the break- even point, the price is equal to \_\_\_\_\_ cost.

A) Total    B) Marginal    C) Average    D) variable

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