

Q.1. Answer the following (Any 2)

(15)

- A. Law of Demand
- B. Income elasticity of Demand
- C. Methods of Demand forecasting

Q.2. Discuss the following (Any 2)

(15)

- A. Meaning and types of Isoquants
- B. Law of variable proportion
- C. Internal economics of scale

Q.3. Explain the following (Any 2)

(15)

- A. Relationship between AC, AFC, AVC and MC curve
- B. Concepts of cost
- C. Producers surplus

Q.4. State the following (Any 2)

(15)

- A. Relationship between TR, AR and MR under imperfect competition
- B. Sales maximization
- C. Concepts of break-even point

Q.5. A) state the following reasons are true or false with reason (Any 4)

(08)

1. The inverse relationship between the price and demand can be explained in term of price, income and substitution effects.
2. In the case of inferior goods income elasticity of demand is negative.
3. When the marginal utility of the product is equal to the price, the consumer surplus is zero.
4. Demand forecasting is not necessary for inventory planning.
5. An Isoquant has a positive slope
6. The law of variable proportion explains returns to all factors of production.
7. Implicit cost are opportunity cost of the factors owned and used by entrepreneurs.
8. A monopoly firm's MR is zero when its demand elasticity is equal to one.

Q.5. B) Choose the correct option and re write the statement (any 7)

(07)

1. At the shut down point price is equal to average _____.
a) fixed b) variable c) above d) below
2. _____ cost is the slope of total cost curve.
a) total b) average c) marginal d) minimum

3. Under _____ price = AR = MR.
a) perfect competition b) monopoly
c) oligopoly d) imperfect competition
4. In the absence of any alternative use the opportunity cost _____.
a) zero b) one c) positive d) none of the above
5. An important cause of internal diseconomies of scale is _____.
a) rising factor cost b) diminishing returns to management
c) transport congestions d) pollution and health hazards
6. In case of decreasing return to scale _____.
a) The distance between subsequent Isoquant increases
b) The distance between subsequent isoquant decreases
c) The distance between subsequent isoquant remains constant
d) The LAC curve declines
7. The _____ method uses time series data.
a) Trend b) end-use c) sample -surve d) Delphi
8. Consumer surplus is equal to _____.
a) Total utility – price
b) Total utility – Total expenditure
c) Total utility – marginal utility
d) None of the above