

Note:

1. All Questions Are Compulsory
2. All Questions Carry Equal Marks
3. Figures to the right indicate full marks
4. Use of simple calculator is allowed

(15 Marks)

Q.1. Attempt Any Two (7.5 Marks Each)

- a) The demand for a commodity is 50 units when the price is Rs2. It declines to 30 units when the price increases to Rs4 per unit. Calculate the elasticity.
- b) What do you understand by law of demand? What are its exceptions?
- c) Discuss the law of supply. Explain the difference between movement within the curve and shift of curve.

(15 Marks)

Q.2. Attempt Any Two (7.5 Marks Each)

- a) If the fixed cost is Rs 30, calculate total variable cost and marginal cost from the following data.

Output	1	2	3	4	5	6
Total cost	52	68	78	94	109	132

- b) What are isoquants? What are their properties?
- c) Define demand forecasting. Explain the various types of demand forecasting?

(15 Marks)

Q.3. Attempt Any Two (7.5 Marks Each)

- a) Explain the features of perfect competition?
- b) Explain the various degrees in monopoly?
- c) Distinguish between perfect competition and monopoly?

(15 Marks)

Q.4. Attempt Any Two (7.5 Marks Each)

- a) Define Oligopoly. What are its features?
- b) What is monopolistic competition? What are its features?
- c) Write a note on kinked demand curve?

Q.5. Solve the following Case Study (15 Marks) (5 Marks Each)

Mr. Stifen Walters, a chartered accountant, works for a well known accounting firm and earns Rs. 10,00,000/- per year. He is planning to set up his own practice. He estimates that renting an office would cost him Rs1, 50,000/- per year, hiring an account assistant would cost Rs. 3, 00,000/- per year, renting the required office equipment would cost Rs 1, 50,000/- per year, and purchasing the required supplies, paying for other expenses would cost him another Rs 60000/-p.a. He estimated that his total revenue for the year would be Rs 20, 00,000 p.a. He is indifferent between keeping his job with the large firm and opening his own office.

- a) What are Mr. Stifen accounting costs of starting his own practice?
- b) What are his economic costs?
- c) What will be his accounting profit and what will be his economic profit?