

Please check whether you have got the right question paper.

- N.B
1. All questions are compulsory
 2. Figures to the right indicate full marks
 3. Draw neat diagrams wherever necessary.

- Q.1
- a) Explain the paradox of bumper harvest. 8
 - b) Explain snob appeal and band wagon effect in detail. 7
- OR
- c) Discuss consumer's equilibrium with the help of indifference curve. 8
 - d) Illustrate the substitution effect with the help of a suitable diagram. 7
- Q.2
- a) The firm can maximize the profits by employing the factors in optimal combination at which cost of production is minimum-explain. 8
 - b) Write an explanatory note on learning curve. 7
- OR
- c) Bring out the relationship between AFC, AVC, ATC and MC with the help of a diagram 8
 - d) Discuss different types of returns to scale with the help of the diagram. 7
- Q.3
- a) Explain profit maximisation of a discriminating monopolist. 8
 - b) Discuss the concept of price leadership under oligopoly market. 7
- OR
- c) Discuss how game theory is used to analyse strategic decisions. 8
 - d) Read the paragraph and answers the given questions : 7
- Ministry of Tourism, Government of India classifies hotels into seven categories: five star deluxe, five star, four star, three star, two star, one star and heritage hotels. These apart, there are hotels in the unorganized sector that have a significant presence across the country and cater primarily to economy tourists.
- In the face of stiff competition, hotels in India have come up with ingenious ways to attract customers. These hotels distinguish themselves with beds, bathroom, amenities and complementary breakfast.
- Some offer popular fast-food, others offer formal menus of a variety of food styles, Chinese, Mughlai etc. Entry into restaurant business is easy. Each offers a differentiated product, advertises its existence, location and menu.
- i) Identify the market structure and describe its characteristic features.
 - ii) Comment on differentiation offered by hotels in India.

Q.4 a) Choose the right option from the following:-

- i.) Economic growth is depicted by -----
 - a) a shift in production possibilities frontier outwards
 - b) a movement from inside, towards the curve
 - c) a shift in the production possibilities frontier inward.
 - d) a movement along a production possibilities frontier towards capital goods.
- ii.) Slope of the consumers budget constraint is
 - a) given by the ratio of price of two goods
 - b) a constant
 - c) given by the ratio of two goods
 - d) positive
- iii.) In case of inputs being perfect substitutes, elasticity of substitution of such production function equal to
 - a) zero
 - b) one
 - c) constant
 - d) infinity
- iv.) If a production function exhibits diminishing marginal product, its slope
 - a) Is linear
 - b) becomes steeper
 - c) becomes flatter
 - d) none of the above
- v.) Which of the following is a variable cost in the short run?
 - a) rent on the factory
 - b) wages paid to laborers
 - c) interest payments
 - d) salaries paid to upper management
- vi.) Celebrity brand endorsement in an oligopolistic market is an example of
 - a) huge investment requirements
 - b) indifference of buyers among products available
 - c) indeterminate demand curve
 - d) interdependent decision making firms
- vii.) In the long run a monopolist would always
 - a) incur losses
 - b) earn super normal profit
 - c) lower its prices
 - d) earn at least normal profit.

b) Give precise meaning of the following:

- a) Veblen effect
- b) Marginality principle
- c) Expansion path
- d) Pay off matrix

OR

Q.4 Write short notes on any three of the following.

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- a) Twin principles of scarcity and efficiency
- b) Opportunity cost
- c) Market failure
- d) Cartels.
- e) Prisoner's dilemma

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