

Note: All Questions are compulsory.

All Questions carry equal marks.

Draw neat labeled diagram wherever necessary.

**Q1. A. State whether the following sentences are true or false (any eight)** (8 marks)

1. Price effect is the combined effect of income and substitution effects.
2. Demand forecast are essential to plan future production.
3. Price always has a tendency to move away from equilibrium.
4. Economic cost is equal to explicit cost minus implicit cost.
5. At break-even point  $TR=TC$ .
6. In perfect competition seller decides the price.
7. There is no entry for a new firm to a monopoly market.
8. Selling cost is a common feature of Monopolistic competition.
9. A cartel is formed by oligopolist to avoid price-war.
10. Full cost pricing method has certain limitations.

**B. Match the columns (any seven)** (7marks)

- |  |                                 |
|--|---------------------------------|
| i) Opportunity cost                      | a) Price                        |
| ii) In Oligopoly the products are mostly | b) Avoiding price war           |
| iii) Selling cost may increase           | c) Long-run Equilibrium         |
| iv) Firms enter and exit from the market | d) may not be always quantified |
| v) Price leadership aims at              | e) AC remains constant          |
| vi) $P=AR=MR=AC=MC$                      | f) Accounting cost              |
| vii) Total Fixed Cost                    | g) Long-run                     |
| viii) $MC=AC$                            | h) Differentiated               |
| ix) Explicit cost                        | i) Measures larger change       |
| x) Incrementalism                        | j) Remains constant             |

**Q2. A. Define demand and discuss the determinants of demand.** (8 marks)

**B. Discuss the difference between Incrementalism and Marginalism** (7marks)

Or

**C. Explain the movement along the demand curve.** (7marks)

**D. Explain the market equilibrium with the help of suitable diagram.** (8 marks)

**Q3. A. Explain the behavior of cost and output in the short run.** (8 marks)

**B. Explain various cost concepts** (7marks)

Or

**C. Define isoquant and discuss the properties of isoquant.** (7marks)

**D. Explain the limitations of Break-even analysis.** (8 marks)

**Q4. A. Explain the Kinked demand curve under oligopoly market.** (8 marks)

**B. Explain the meaning of price discrimination and discuss the various degrees of price discrimination.** (7marks)

Or

- C. Explain the long-run equilibrium of a firm under monopolistic competition. (8 marks)
- D. Discuss the features of Oligopoly market. (7marks)

- Q5. A. Discuss the conditions for price discrimination. (7marks)
- B. Explain the laws of returns to scale. (8 marks)

Or

- C. Write short notes on (any three) (15 marks)

1. Cost function
2. Features of Monopoly market
3. Distinguish between Economic concept and Business Economics
4. Learning Curve
5. Cost plus pricing