

M1E1019

Duration:- 2 ½ hrs.

Total Marks: - 75

N.B:-1) All questions are compulsory.

- 2) Figures to the right indicate full marks.
- 3) Draw diagrams wherever necessary.

Q.1a) State whether the following statements are True or False.(Any Eight) [08]

- 1. Microeconomics deals with the analysis of National Income.
- 2. The demand curve has a negative slope.
- 3. Demand Forecasts are essential to plan future production.
- 4. Production function may change with technological change.
- 5. Linear iso-quant shows perfect substitution of factors.
- 6. There is no difference between economic and accounting costs.
- 7. There is no entry for a new firm to a monopoly market.
- 8. A Cartel is formed by oligopolists to avoid price-war.
- 9. Full cost pricing method has certain limitations.
- 10. In dumping , a monopolist is a price taker in the World Market.

Q.1b) Match the following.(Any Seven) [07]

| Group A | Group B |
|--|-----------------------------|
| 1.Equations | a. many sellers |
| 2.Demand function | b. Hall &Hitch |
| 3. Kinked demand curve | c. Implicit & Explicit cost |
| 4. Cartel | d. few sellers |
| 5. Oligopoly | e. OPEC |
| 6. Price leadership | f. $Q=f(P)$ |
| 7. Explicit cost | g. Prof.Paul Sweezy |
| 8. Selling cost may increase | h. Avoiding price war |
| 9. Economic cost | i. Dumping |
| 10. Charging higher prices at home & low price in world market | j. Demand |
| | k. Accounting cost |
| | l. mathematically expressed |

- Q2.a) Explain the different types of Income Elasticity of Demand. [08]
- b) Describe in detail the different methods of Demand Forecasting. [07]

OR

- c) The demand function for commodity wheat is given by $Q_{dw}=100-5p_w$. The price of wheat is given in below table. [08]

| Price of wheat(Rs.) | Quantity demanded(Kg) |
|---------------------|-----------------------|
| 2 | 90 |
| 4 | 80 |

| | |
|---|----|
| 6 | 70 |
| 8 | 60 |

Answer the following questions:

- 1) Calculate quantity of demand for wheat at given prices.
 - 2) With the help of above demand schedule draw the demand curve.
 - 3) Calculate price elasticity of demand when price changes from Rs.4 to Rs.8.
 - d. Explain the relationship between AR and MR curves under monopoly. [07]
- Q.3a.** What do you mean by Internal Economies of scale? Discuss the various kinds of Internal Economies? [08]
- b. Explain why MC cuts ATC and AVC at the bottom of their “U” curves. [07]

OR

- c. Given TFC as Rs.150/, Calculate TC, ATC,AFC,& MC from the information given below. [08]
- | | | | | | | |
|-------|----|----|----|-----|-----|-----|
| Units | 1 | 2 | 3 | 4 | 5 | 6 |
| TVC | 35 | 60 | 80 | 110 | 160 | 230 |
- d. What is break-even point? Explain the business application of Break-even analysis. [07]
- Q.4a.** Explain the Role of Advertisement in Monopolist Competition. [08]
- b. Explain the meaning and characteristics of Oligopoly. [07]

OR

- c. Discuss the various types of price leadership. [08]
- d. What is Price Rigidity? Discuss it with the help of suitable diagram. [07]
- Q.5a.** What are the conditions for profitable Price Discrimination? [08]
- b. What is Price Discrimination? What are the different degrees of it? [07]

OR

- c. **Write short notes : (Any Three)** [15]
1. Determinants of Demand
 2. Delphi method
 3. Dumping
 4. Perfect Competition
 5. Characteristics of Monopoly
