

(2 Hours)

(Total Marks : 60)

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 assigned to each question.
 3. Draw neat diagrams wherever necessary.

1. a) Explain Veblen and bandwagon effect in detail. (08)
- b) Discuss the application of elasticity of demand and supply to economic issues (07)

OR

- c) Explain various methods of price control with reference to minimum floor and maximum ceilings. (08)
- d) With the help of income consumption curve, discuss of change in income on consumer's equilibrium. (07)

2. a) Diagrammatically explain least cost factor combination for a given output. (08)
- b) Discuss in detail the cost reduction technique through experience. (07)

OR

- c) Distinguish between internal and external economies of scale. (08)
- d) Amit juice sandwich center at Agra gets their income mainly from tourists. ABCD college comes for industrial visit in Agra and gives an order for ₹ 18,000. (07)

The cost for doing this work is calculated as

Wages	₹	5,000
Raw materials	₹	9,000
Fixed Costs	₹	10,000

Would you advise the firm to accept this order? If so why?

3. a) Explain various methods of measuring monopoly power. (08)
- b) Illustrate the dominant firm price leadership model in oligopoly. (07)

OR

- c) Explain the application of model of prisoner's dilemma in market decision. (08)
- d) MMW Luxury car manufacturing company in India was founded in the year 2006 and the first car was launched in 2007. The company maintained an aggressive stance and launched several vehicles at different price points. (07)

MMW was positioned as an aspirational brand for young entrepreneurs and senior executives and adopted innovative strategies to reach the segment. It also developed exclusive dealerships, which were used as touch points to interact with the customers.

Within three years, MMW went on to become the top luxury car manufacturer in India, surpassing Benzon and Porsch, which had been present in the country for more than a decade. The case lists the strategies adopted by MMW on its journey to reach top position and discuss the challenges it is likely to face from existing and new competitors.

- a. Identify the market structure mentioned in the case and justify.

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b. Discuss the strategies used by MMW to top luxury car market based on the case.

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

(07)

- i) A production function is used by management to know _____.
 - a. The amount of input to buy.
 - b. The amount of input to use.
 - c. The amount of output per unit of each input.
 - d. The amount of output using all inputs efficiently.
- ii) Alternative cost is also known as _____.
 - a. Incremental cost.
 - b. Opportunity cost.
 - c. Real cost.
 - d. Money cost.
- iii) The problem with marginal concept is that _____.
 - a. Change in variables may not be in bulk.
 - b. Change in variables may not be in single unit.
 - c. Outflow and inflow of resources may not be equal.
 - d. Outflow and inflow of resources may not be simultaneous.
- iv) Which of the following is correct for consumer's equilibrium?
 - a. Utility is maximised at the tangency of budget line to an indifference curve.
 - b. At the optimal point slope of indifference curve is equal to the slope of budget line.
 - c. At the point of equilibrium consumer satisfaction is highest.
 - d. All of the above.
- v) A public good will probably _____.
 - a. be expensive in free market.
 - b. be overprovided in free market.
 - c. not to be provided in free market.
 - d. have no opportunity cost.
- vi) Negative production externality means _____.
 - a. Social marginal cost is greater than private marginal cost.
 - b. Social marginal benefit is greater than private marginal cost.
 - c. Social marginal cost is greater than private marginal benefit.
 - d. Social marginal cost is less than private marginal cost.
- vii) If a firm earn normal profit, _____.
 - a. They will try to leave the industry.
 - b. Others will join the industry.
 - c. Total Revenue = Total Cost.
 - d. No profit is made in accounting terms.

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b) Give Precise meaning of the following :

(08)

- a. Economic profit.
- b. Substitution effect.
- c. Ridgelines.
- d. Barometric firm.

OR

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

(15)

- a. Incremental and marginal principles.
- b. Paradox of bumper harvest.
- c. Public policy towards monopoly power.
- d. Non-price competition under oligopoly.
- e. Nash equilibrium.

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