

( 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.
  - 3) Draw neat diagrams wherever necessary.

1. a) Explain Bandwagon and Snob effects on market demand. (08)
- b) Describe the determinants of supply in brief. (07)

**OR**

- c) Explain minimum floor and maximum ceiling pricing control. (08)
- d) Explain the consumer's equilibrium with the help of indifference curve and price line. (07)

2. a) State and explain the law of variable proportion. (08)
- b) Discuss various types of internal and external economies of scale. (07)

**OR**

- c) Diagrammatically explain least cost factor combination for a given output. (08)
- d) From given information calculate TC, AFC, AVC, AC and MC if TFC is 50. (07)

Q (Units)	0	1	2	3	4	5	6
TVC (₹)	0	10	18	24	36	50	80

3. a) Explain the short run equilibrium of a firm under perfect competition. (08)
- b) Discuss the Dumping as an international price discrimination in the world market. (07)

**OR**

- c) Explain the reasons behind collusive oligopoly with reference to cartel with suitable diagram. (08)
- d) Read the following paragraph and answer the given questions. (07)

Ajay and Amay are arrested by city police in bank robbery case. The police do not have enough evidence to charge them of robbery. Both the suspects were interrogated separately in different rooms and not allowed in any kind of communication between them. However, the evidence is such that if both the suspects do not confess each will get 3 years of maximum sentence in prison. The officers promised each suspects that by confessing he or she will go free while the other suspects who does not confess will receive a full 20 years of sentence. If both suspects confess each one will get a mild punishment of 5 years.

**Questions:**

- i) Discuss the dilemma of both suspects
- ii) What is the dominant strategy available to both suspects?
- iii) Prepare a pay-off matrix for suspects Ajay and Amay.



4. a) Chose the correct alternatives from the following and rewrite the statements: (07)

- i) \_\_\_\_\_ is known as the theory of distribution.
  - a) Product pricing
  - b) Economic welfare
  - c) Factor pricing
  - d) Employment
- ii) Cost owned by the entrepreneurs himself is known as \_\_\_\_\_ cost.
  - a) Explicit
  - b) Real
  - c) Implicit
  - d) Marginal
- iii) \_\_\_\_\_ is an universal economic problem.
  - a) Wants
  - b) Resources
  - c) Scarcity
  - d) Abundance
- iv) Market failure take place due to \_\_\_\_\_
  - a) Externalities
  - b) Lack of merit goods
  - c) Monopoly power
  - d) All of the above
- v) Macro-economics deals with \_\_\_\_\_
  - a) Firm
  - b) Whole economy
  - c) Households
  - d) None of the above
- vi) Production possibility curve consist \_\_\_\_\_ aspect of production management.
  - a) Opportunity cost
  - b) Scarcity
  - c) Choice
  - d) All of the above
- vii) Marginal product is calculated by \_\_\_\_\_
  - a)  $\frac{\Delta TU}{\Delta Q}$
  - b)  $\frac{\Delta TC}{\Delta Q}$
  - c)  $\frac{\Delta TP}{\Delta Q}$
  - d)  $\frac{\Delta TR}{\Delta Q}$

b) Give precise meaning of the following: (08)

- i) Incremental principle
- ii) Economic cost
- iii) Public goods
- iv) Invisible hand

OR

4. Write short notes on any Three of the following: (15)

- a) Scarcity and efficiency principle
- b) Sources of market failure
- c) Paradox of Bumper harvest
- d) Learning curve
- e) Sources of monopoly power