TIME : 2 hrs.   **MARKS : 60**

Q.1 I) Fill in the blanks.   04
  a) Consumers demand for consumption goods in _____ demand.
  b) Increase in consumers income leads to _____ in demand.
  c) usually the demand curve slopes_____
  d) Short run production function has _____ factors.

II) Match the following.   04
  a) Salt   a) full cost pricing
  b) average total cost   b) Price and output
  c) monopolist can fix   c) irrespective of the level of output.
  d) fixed cost remain fixed   d) in elastic demand.
                                                    e) price or output.

iii) Explain the validity of the following statements stating true or false with reasons.   07
  a) Isoquants do not inter sect each other
  b) when marginal cost is zero, Total cost is minimum.
  c) On the long run all costs are variable.
  d) Fixed costs are independent of the level of output.
  e) A monopolist can fix both price and output
  f) price discriminition with in the country is called dumping
  g) price is the only determinant of demand.

Explain with diagrams.   15
Q.2   Demand function, extension &contraction and increase and Decrease in Demand.

OR

Consider various courses offered by your institution. For which course demand is
high and why? what are the factors which influence demand for such cources.

Q.3   Practical and theoritical applicatiions of Elasticity of Demand.   15

OR

  a) The initial price of a commodity in Rs.5/- and the quantity demanded is 20 unis, when the
     price falls to Rs.4 quantity demanded increases to 40 units. Calculate price elasticity.   07
  b) Calculate income leasticity of demand from the followig data. Indentify the nature of the
     commodity.   08

Income	Quantity demanded
Rs.	units
1,000	500
2,000	600

Q.4   Explain the following costs   15
  a) Implicit   b) opportunity   c) replacement   d) incremental
  e) fixed and variable.

OR

  a) From the following infromation calculate total cost and total variable cost. The total fixed
     cost in given as Rs.300   07

output	1	2	3	4	5	6
Marginal Cost	300	100	50	50	100	120