### MN10AFL

<u>TIME : 2 Hrs.</u>                                                      <u>Marks :60</u>

**Instructions. :-**

1.  All the questions are compulsory.
2.  Figures to the right indicate full marks.
3.  Use of simple calculator is allowed.

Q1)a) What are the properties of indifference curves? Explain with suitable diagrams. **(8)**

  b) Define internal economies of scale. Explain the various types of internal economies of scale. **(7)**

**OR**

Q1)a) "Scarcity, choice and efficiency constitute the subject matter of economics". Explain. **(8)**

  b) Explain the geometric method and total outlay method of measuring elasticity of demand. **(7)**

Q2)a) Discuss the laws of returns to scale in detail. **(10)**

  b) Explain the relationship between TR, AR and MR under perfect competition. **(5)**

**OR**

Q2)a) Explain the various methods of demand forecasting. **(10)**

  b) What are the features of monopolistic competition? **(5)**

Q3)a) If total fixed cost is Rs 30/- calculate TVC, AFC, AVC, AC and MC from the following data:- .

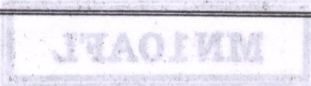| Units of output | 1 | 2 | 3 | 4 | 5 | 6 |
|---|---|---|---|---|---|---|
| Total cost (in rs) | 52 | 68 | 78 | 91 | 109 | 132 |

**P.T.O**

Draw the various short- run cost curves with detailed explanation. **(8)**

  b) Define break even point. Give the diagrammatic representation of the break even point in the linear function. **(7)**

**OR**

Q3)a) Explain the concept of Marginal Rate of substitution(MRS) with a diagram.

Calculate MRS for the following data and explain why it is diminishing. **(8)**

| Combination | Good 'X' | Good 'Y' |
|-------------|----------|----------|
| A | 10 | 25 |
| B | 11 | 20 |
| C | 12 | 16 |
| D | 13 | 13 |
| E | 14 | 11 |

b) Explain the equilibrium of a monopoly firm in the short-run. **(7)**

Q4) **Write short notes on:-** **(15)**

a) Relationship between Average cost (AC) and Marginal cost (MC).

b) Kinky demand curve.

c) Payback period method with an example.

**OR**

Q4) **Write short notes on:-** **(15)**

a) Long run average cost curve.

b) Cartel formation under oligopoly.

c) Learning Curve.