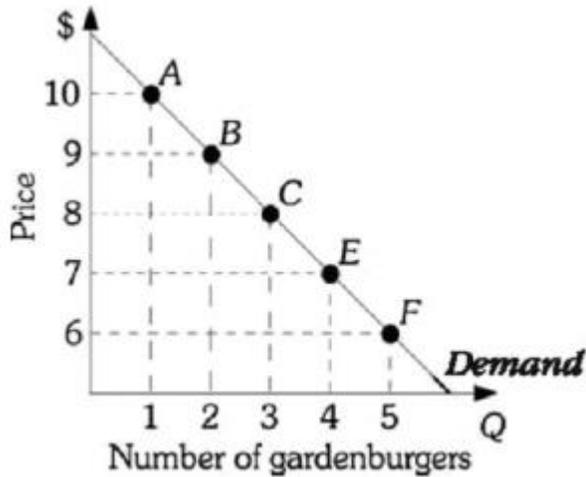


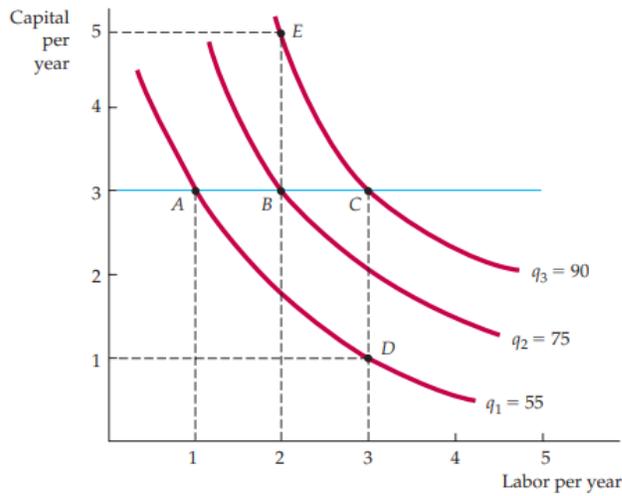
**Figure 1**

Q 1.8	Refer to Figure 1. The average product of the second worker is _____ yards raked. A) 4                      B) 13.5                      C) 14                      D) 27	<b>2</b>	<b>CO1</b>
Q 1.9	In perfect competition, a firm's marginal revenue curve is A) downward sloping.    B) upward sloping.    C) horizontal.    D) vertical.	<b>2</b>	<b>CO1</b>
Q 1.10	A monopoly is an industry with A) a single firm in which the entry of new firms is blocked. B) a small number of firms, each large enough to impact the market price of its output. C) many firms each able to differentiate their product. D) many firms each too small to impact the market price of its output.	<b>2</b>	<b>CO1</b>
<b>SECTION B</b> <b>4Qx5M= 20 Marks</b>			
Q 2.	Refer to Figure 2, showing the demand for gardenburgers at various prices. Using the mid-point method, calculate the price elasticity of demand when the price increases from (i) INR \$8 to \$10, and the quantity demanded falls from 3 gardenburgers to 1 gardenburger and (ii) price increases from \$6 to \$8, and quantity demanded falls from 5 gardenburgers to 3 gardenburgers. Identify whether the demand is elastic or inelastic, based on the calculation.	<b>5</b>	<b>CO2</b>



**Figure 2**

Q 3.	Discuss the concept of consumer equilibrium using indifference curve analysis.	<b>5</b>	<b>CO2</b>
Q 4.	Explain the relationship between average product and marginal product. Supply graphs to support your answer.	<b>5</b>	<b>CO3</b>
Q 5.	Discuss the law of production that operates in the short run.	<b>5</b>	<b>CO3</b>
<b>SECTION-C</b> <b>3Qx10M=30 Marks</b>			
Q 6.	Explain income elasticity of demand. Discuss the elasticity of demand in case of normal goods and inferior goods. Provide graphs wherever necessary.	<b>10</b>	<b>CO2</b>
Q 7.	Explain explicit costs and implicit costs. Discuss the implications of sunk cost to the firm.	<b>10</b>	<b>CO3</b>
Q 8.	Define monopoly. Explain how price is determined under monopoly.  OR  Discuss monopolistic competition. How are price and output determined under monopolistic competition.	<b>10</b>	<b>CO3</b>
<b>SECTION-D</b> <b>2Qx15M= 30 Marks</b>			
Q 9.	Explain long run production function using the representational image in Figure 3. Discuss isoquant map and the implications of producer's decision to produce at successive isoquants; $q_1$ , $q_2$ , and $q_3$ . Discuss the flexibility of substituting labor for capital.	<b>15</b>	<b>CO4</b>



**Figure 3**

Q 10.	<p>Using separate graphs, analyze the two extreme cases of production function: straight line isoquant and L-shaped isoquant. Provide suitable examples for the two types of isoquants.</p> <p style="text-align: center;">OR</p> <p>Analyze the shape of the various cost curves, supported with graphs. Discuss the relationship between average and marginal cost.</p>	<b>15</b>	<b>CO4</b>
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