

Q 5	Which type of market structure DOES NOT typically have a negatively sloped market demand curve? A. Monopoly B. Perfect competition C. Oligopoly D. All of the above typically have negatively sloped market demand curves.	2	CO1
Q 6	Which of the following is an example of a capital input? A. Money B. Shares of stock C. Long-term bonds D. A hammer	2	CO1
Q 7	Which of the following best represents a labour input? A. A farm tractor B. A worker repairing a machine C. A fertilizer bag D. A firm's bank loan	2	CO1
Q 8	Stage II of production begins at the point A. of inflection of the total product curve. B. where average and marginal product are equal. C. where total product is at a maximum. D. where marginal product is at a maximum	2	CO1
Q 9	Which of the following is a characteristic of both monopolistic competition and monopoly? A. Firms face significant barriers to entry. B. A firm's marginal revenue curve is below its demand curve. C. A firm's marginal revenue curve is above its demand curve. D. Firms produce homogeneous products	2	CO1
Q 10	Economics studies individuals and organizations in society engaged in A. Production of goods and services B. Exchange of goods and services C. Consumption of goods and services D. All of the above	2	CO1

SECTION B 4Qx5M= 20 Marks			
Q 11	Ketchup is a complement (as well as a condiment) for hot dogs. If the price of hot dogs rises, what happens to the market for ketchup? For tomatoes? For tomato juice? For orange juice?	5	CO2
Q 12	The government has decided that the free market price of cheese is too low. Suppose the government imposes a binding price floor in the cheese market. Draw a supply-and-demand diagram to show the effect of this policy on the price of cheese and the quantity of cheese sold. Is there a shortage or surplus of cheese?	5	CO2
Q 13	Describe the key characteristics of a monopolistic competition market structure and illustrate your answer with a suitable real-world example.	5	CO2
Q 14	Explain returns to scale and returns to a factor, and state how they differ from each other.	5	CO2
SECTION-C 3Qx10M=30 Marks			
Q 15	A laptop manufacturer introduces a new mid-range laptop in the market. The market demand and supply for this laptop are represented by the following functions: $Q_d=140-4P \text{ and } Q_s=20+2P$ where Q_d denotes quantity demanded, Q_s denotes quantity supplied, and P represents the price of the laptop. A. Using the above demand and supply equations, compute the equilibrium price and the corresponding equilibrium quantity in the laptop market. B. Suppose the laptop manufacturer launches an extensive advertising campaign highlighting the new model's performance and features. Explain how effective advertising influences the market demand for the laptop, and illustrate this effect using a diagram. Analyse	10	CO3

	how the resulting increase in demand alters the market equilibrium, including changes in equilibrium price and equilibrium quantity.																														
Q 16	In a regional market, several small farmers sell “wheat grains,” all offering the same quality and having full freedom to enter or exit the market. In contrast, “electricity distribution” in the same region is managed by a single licensed provider. Identify which of these markets represents perfect competition and which represents monopoly. Provide justification based on the core features of each market structure.	10	CO3																												
Q 17	A. A firm uses labour as its variable input while keeping land fixed. The following table shows the units of labour employed and the corresponding Total Product (TP). Using this information, complete the table by calculating the Marginal Product (MP) and Average Product (AP) of labour. <table border="1"> <thead> <tr> <th>Labour (L)</th><th>Total Product (TP)</th><th>Marginal Product (MP)</th><th>Average Product (AP)</th></tr> </thead> <tbody> <tr> <td>1</td><td>8</td><td>—</td><td>—</td></tr> <tr> <td>2</td><td>18</td><td>—</td><td>—</td></tr> <tr> <td>3</td><td>30</td><td>—</td><td>—</td></tr> <tr> <td>4</td><td>48</td><td>—</td><td>—</td></tr> <tr> <td>5</td><td>60</td><td>—</td><td>—</td></tr> <tr> <td>6</td><td>66</td><td>—</td><td>—</td></tr> </tbody> </table> B. Using a diagram of TP, MP, and AP curves, identify and explain the three stages of production. Briefly explain why Stage II is considered the most rational stage for firms to operate in. OR	Labour (L)	Total Product (TP)	Marginal Product (MP)	Average Product (AP)	1	8	—	—	2	18	—	—	3	30	—	—	4	48	—	—	5	60	—	—	6	66	—	—	10	CO3
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	Explain how a consumer reaches equilibrium using the ordinal utility approach, with the help of an indifference curve and a budget line. In your answer, illustrate the equilibrium point graphically and describe the conditions that ensure optimal consumption for the consumer.		
SECTION-D 2Qx15M= 30 Marks			
Q 18	App-based ride-hailing services like Ola and Uber have become key modes of transport in major Indian cities. Because riders can easily compare fares and switch platforms, small changes in price, income levels, or competitor pricing strongly influence demand. Ola charges ₹220 for a regular ride and receives 52,000 rides per week in a large city. To attract more customers, it reduces the fare to ₹200, which increases weekly rides to 62,400. During the same period, a 6% rise in people's average income leads to a 3.5% increase in Ola rides, and when Uber raises its fare by 10%, Ola experiences an additional 6% rise in demand as some commuters shift from Uber to Ola. A. Calculate the price elasticity of demand for Ola rides. Is demand elastic or inelastic? What does this mean for Ola's pricing decisions? B. Find the income elasticity of demand. Is Ola a normal or inferior good? What does rising income mean for Ola's future demand? C. Calculate the cross-price elasticity between Ola and Uber. What does this show about how strongly commuters switch between the two services?	15	CO4
Q 19	Explain how a perfectly competitive market establishes its short-run equilibrium and why firms may earn either above-normal profit or incur losses during this period. Further, discuss the adjustments that lead firms to earn only normal profit in the long run. Illustrate your explanation with suitable diagrams. OR	15	CO4

	Explain the main features of a monopoly market and discuss why a monopolist faces a downward-sloping demand curve. Using a suitable diagram, illustrate how a monopolist determines its price and output in the short run.		
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