

(2)

- (b) How does the imposition of a unit tax affect the supply curve of a firm?
- (c) Find consumer's marginal rate of substitution (MRS) of food for clothing at the equilibrium position, when $P_f = 10$ and $P_c = 5$.
- (d) The quantity demanded of a Giffen good varies _____ with price.
- (i) indirectly
 - (ii) directly
 - (iii) independently
 - (iv) All of the above

(Fill in the blank)

- (e) A firm will be in equilibrium regarding use of a factor combination when marginal rate of technical substitution (MRTS) between factors is _____ to the ratio of factor prices.
- (i) less than
 - (ii) more than
 - (iii) equal
 - (iv) independent

(Fill in the blank)

(3)

- (f) Find the marginal product of capital (MP_k) when marginal product of labour is 5 and marginal rate of technical substitution of labour for capital is 2.
- (g) What does the area under the marginal cost (MC) curve show?
- (i) TFC
 - (ii) TVC
 - (iii) AFC
 - (iv) AVC

(Choose the correct option)

- (h) Find the total fixed cost (TFC) from the total cost function

$$TC = 100 + 50Q - 12Q^2 + Q^3,$$

where TC is total cost and Q is level of output.

2. Write short notes on any *four* of the following (**within 150 words** each) : $4 \times 4 = 16$

- (a) Scope of microeconomics
- (b) Relationship between marginal utility and total utility with the help of schedule and diagram