

(2)

- (c) Price discrimination is possible if two markets have
- (i) rising cost curves
 - (ii) declining cost curves
 - (iii) different elasticities of demand
 - (iv) equal elasticities of demand
- (d) Which of the following forms of market has only one buyer?
- (i) Monopoly
 - (ii) Discriminating monopoly
 - (iii) Monopsony
 - (iv) Duopoly
- (e) Who propounded the innovation theory of profit?
- (f) Mention the condition of general equilibrium in production.
- (g) In the liquidity trap, the interest elasticity of demand for money is
- (i) zero
 - (ii) unity
 - (iii) infinity
 - (iv) None of the above
- (h) Give an example of product differentiation.

(3)

2. Write short notes on any *four* of the following (within 150 words each) : $4 \times 4 = 16$
- (a) Normal profit
 - (b) Sources of monopoly power
 - (c) Scarcity vs. differential rent
 - (d) Collective bargaining
 - (e) General equilibrium

Answer the following questions (within 500 words each) :

3. (a) What is meant by equilibrium of a firm? Show graphically how long-run supply curves of an industry are derived in perfect competition under different cost conditions. $2 + 10 = 12$
- Or
- (b) Discuss the equilibrium of a firm under perfect competition both in the short run and long run with the help of suitable diagrams. $6 + 6 = 12$
4. (a) What are the necessary conditions of price discrimination? Show how a profit maximising discriminating monopolist allocates his output between two markets and charges different prices. $3 + 8 = 11$

Or

- (b) Compare the equilibrium price and output of a monopolist and a perfectly competitive firm.