

(e) What will happen to MP, when TP increases at an increasing rate?

- (i) MP will fall
- (ii) MP will rise
- (iii) MP attains maximum
- (iv) MP remains constant

(Choose the correct option)

(f) What are the general shapes of the TP, AP and MP curves?

- (i) Downward sloping
- (ii) Upward sloping
- (iii) U-shaped
- (iv) Inversely U-shaped

(Choose the correct option)

(g) Why AC and AVC curves cannot touch each other?

(h) The average cost is constant and at its minimum, when

- (i) $AC = MC$
- (ii) $AC > MC$
- (iii) $AC < MC$
- (iv) All of the above

(Choose the correct option)

2. Write short notes on any *four* of the following (within 150 words each) :

4×4=16

- (a) Cross elasticity of demand
- (b) Properties of indifference curve

(c) Price consumption curve

(d) Marginal rate of technical substitution

(e) Difference between economies of scale and economies of scope

Answer the following questions (within 500 words each) :

3. (a) What is microeconomics? Explain the following using suitable diagrams :

2+3+3+4=12

- (i) Microstatics
- (ii) Microcomparative statics
- (iii) Microdynamics

Or

(b) (i) Examine the role of assumptions in model-building.

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(ii) The ratio of elasticity of supply of commodities A and B is 1:1.5. 20 percent fall in price of A results in a 40 percent fall in its supply. Calculate the percentage increase in supply of B if its price rises from ₹ 10 per unit to ₹ 11 per unit.

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4. (a) Explain the law of equimarginal utility. How does it explain consumer's equilibrium?

7+4=11

Or

(b) Distinguish between cardinal utility and ordinal utility. Which of them is superior? Give reasons.

6+5=11