

QUESTION 2009

Group - A

(Multiple Choice Type Questions)

1. Choose the correct alternatives for any ten of the following:

i) The price elasticity of demand is unity at

- a) the middle point of the demand curve
- b) the top of the demand curve
- c) the bottom of the demand curve
- d) none of these

ii) In short run

- a) all the factors of production are variable
- b) all the factors of production are fixed
- c) some of the factors of production are fixed
- d) none of these

iii) In monopoly, the supply curve is

- a) upward rising
- b) downward sloping
- c) horizontal straight line
- d) absent

iv) In perfectly competitive market

- a) buyers are price takers but sellers are price makers
- b) buyers are price makers but sellers are price takers
- c) both buyers and sellers are price takers
- d) both buyers and sellers are price makers

v) For an inferior goods, the value of income elasticity of demand is

- a) positive
- b) negative
- c) unity
- d) zero

vi) For the increase in demand

- a) the demand curve will shift leftward
- b) the demand curve will shift rightward
- c) along the same demand curve the consumer will move from top to bottom
- d) along the same demand curve the consumer will move from bottom to top.

vii) In the kinked demand curve model of oligopoly the demand curve is kinked because

- a) of the differences in quantity demanded
- b) of the differences in quantity supplied
- c) of the differences in elasticity demanded
- d) none of these

- vii) Two isoquants will
- a) intersect each other at one point only
 - ✓ b) never intersect each other
 - c) intersect each other at more than one point
 - d) none of these
- viii) Quasi-rent will appear
- ✓ a) only in short-run
 - b) only in long-run
 - c) in both short-run and long-run
 - d) none of these
- ix) The MR curve will
- ✓ a) appear below the demand curve
 - b) appear above the demand curve
 - c) parallel to the demand curve
 - d) intersect the demand curve from above
- x) Bilateral monopoly implies that
- ✓ a) there is a single seller and single buyer
 - b) there is a single seller but large number of buyers
 - c) there is large number of sellers but single buyer
 - d) there is large number of sellers and large number of buyers.
- xii) Production function depicts the relation between
- a) demand and supply
 - ✓ b) input and output
 - c) both (a) and (b)
 - d) none of these

Group – B

(Short Answer Type Questions)

2. Define the concept price elasticity of demand. How will you measure price elasticity of demand?
See Topic: DEMAND, Long Answer Type Question No. 1.
3. What is ridge lines? State the economic region of production.
See Topic: PRODUCTION, Short Answer Type Question No. 4.
4. State the definition and features of perfect competition.
See Topic: MARKET, Long Answer Type Question No. 5.
5. Why is the short-run average cost curve U-shaped?
See Topic: COST, Short Answer Type Question No. 4.
6. How do you explain the dynamic theory of profit?
See Topic: PROFIT, Short Answer Type Question No. 2.

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Group – C

(Long Answer Type Questions)

7. a) Define and derive Law of Variable Proportion in short-run.
b) Explain the relationship between average and marginal production with the help of different stages of production.
a) See Topic: **PRODUCTION**, Long Answer Type Question No. 1(a).
b) See Topic: **PRODUCTION**, Long Answer Type Question No. 2(b).
8. a) Distinguish between own price elasticity of demand and cross price elasticity of demand.
b) If the price of X falls from Rs. 60 to Rs. 50, its demand rises from 500 units to 800 units. Find the price elasticity of demand.
a) See Topic: **DEMAND**, Short Answer Type Question No. 4(a).
b) See Topic: **DEMAND**, Short Answer Type Question No. 4(b).
9. a) State the main features of monopoly.
b) How does a monopolist determine equilibrium output and price in the short-run and in the long-run?
a) See Topic: **MARKET**, Short Answer Type Question No. 3.
b) See Topic: **MARKET**, Long Answer Type Question No. 6.
10. a) Define quasi-rent.
b) Critically explain the Ricardian theory of rent.
a) See Topic: **RENT**, Short Answer Type Question No. 2.
b) See Topic: **RENT**, Long Answer Type Question No. 2.
11. Write notes on any two of the following:
a) Oligopoly market
b) Price discrimination
c) Isocost and isoquant
d) Economies of scale.
a) See Topic: **MARKET**, Long Answer Type Question No. 13(a).
b) See Topic: **MARKET**, Long Answer Type Question No. 13(b).
c) See Topic: **PRODUCTION**, Long Answer Type Question No. 4(b).
d) See Topic: **PRODUCTION**, Long Answer Type Question No. 4(a).