

QUESTION 2010

Group - A

(Multiple Choice Type Questions)

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

i) Income Elasticity of demand for a normal good is

a) Negative

b) Positive

c) Zero

d) None of these

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- ii) If the cross price elasticity is negative, then the commodities are
a) Giffen b) Normal ✓ c) Substitute d) Complement
- iii) When $e_p > 1$, then the value of MR is
✓ a) $MR > 0$ b) $MR < 0$ c) $MR = 0$ d) None of these
- iv) In the long run, all costs are
a) fixed ✓ b) variable c) both (a) and (b) d) none of these
- v) A monopoly is a
a) price taker ✓ b) price maker c) both (a) and (b) d) none of these
- vi) When the price of substitute goods rises, the demand for the other substitute also
✓ a) Rises b) Falls c) Remains same d) None of these
- vii) Kinked demand curve is related with
a) Monopoly ✓ b) Oligopoly
c) Monopolistic competition d) Perfect competition
- viii) In perfect competition, the supply curve in the short run is
✓ a) rising portion of MC curve above the minimum AVC curve
b) rising portion of AVC curve
c) falling portion of AC curve
d) none of these
- ix) The return for the capital is known as
✓ a) Interest b) Rent c) Profit d) Wage
- x) Good which is exception to the law of demand is called
✓ a) Giffen b) Normal c) Luxury d) None of these
- xi) When elasticity is one, the demand curve is
a) rectangular hyperbola b) horizontal c) vertical ✓ d) none of these

Group - B**(Short Answer Type Questions)**

2. Define cross elasticity of demand. How can goods be classified on the basis of the value of cross elasticity of demand? Given an example of each type.

See Topic: DEMAND, Short Answer Type Question No. 5.

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3. Show the relationship between average product and marginal product.

See Topic: PRODUCTION, Short Answer Type Question No. 5.

4. What do you mean by internal economies and external economies of large scale production? What types of external economies are experienced by a firm?

See Topic: PRODUCTION, Short Answer Type Question No. 6.

5. Why is the supply curve absent in monopoly market?

See Topic: MARKET, Short Answer Type Question No. 6.

6. What is iso-quant? Prove that two iso-quant never intersect each other.

See Topic: PRODUCTION, Short Answer Type Question No. 7.

Group – C

(Long Answer Type Questions)

7. What are the basic problems of an economy? How these problems are solved in different economic systems? Explain the concept "Scarcity".

See Topic: BASIC CONCEPTS, Long Answer Type Question No. 1.

8. What is production function? How does a long-run production function differ from a short-run production function? Why does production eventually experience diminishing marginal returns to labour in the short run? What do you understand by ridge line?

See Topic: PRODUCTION, Long Answer Type Question No. 3.

9. Discuss the short run and long run equilibrium of the monopolist with both diagrammatic and mathematical approaches.

See Topic: MARKET, Long Answer Type Question No. 6.

10. What are the important characteristics of oligopoly market? Discuss the kinked demand curve model for the determination of equilibrium in oligopolistic market.

1st Part: See Topic: MARKET, Long Answer Type Question No. 2(or).

2nd Part: See Topic: MARKET, Long Answer Type Question No. 3(or).

11. Write short notes on any two of the following:

a) Ricardian theory of rent

b) Price discrimination

c) Law of variable proportion

d) Income elasticity.

a) See Topic: RENT, Long Answer Type Question No. 1(2nd part).

b) See Topic: MARKET, Long Answer Type Question No. 13(b).

c) See Topic: PRODUCTION, Long Answer Type Question No. 4(c).

d) See Topic: DEMAND, Short Answer Type Question No. 1(or).