

Full Marks: 35

Time: 2hrs

1. Answer any two of the following: (3X2=6)

- a) You go to a restaurant for lunch. You notice the place to be nearly empty. Explain why instead of shutting it down, the owner has kept the restaurant open to serve only a few customers.
- b) Perfect Competition and Monopoly are exact opposites: discuss.
- c) AVC reaches its minimum before AC does – Explain why. State the relationship between MC and AVC.

2. Distinguish between (1.5X2=3)

- a) Law of Variable Proportion and Returns to Scale
- b) Indifference Curves for substitute goods and complementary goods

3. Give one example for each of the following: (0.5X3=1.5)

- a) Price discriminating monopolist
- b) Giffen good
- c) Product with income elasticity greater than one

4. Answer the following: (7)

- a) Some products can fall into two categories of industry, depending on whether they are 'branded' or not. Give two examples of such products (with a one-line explanation for each). (2)
- b) Some products can fall into two categories of industry, depending on product uniformity or the number of sellers or both. For each product listed below, give the two industry types that it may belong to. (4)