8. Write short notes on any **two** :

(a) Cut – throat Competition 9

(b) Market Uncertainty 9

(c) Inventory and Wind fall gains 9

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[This question paper contains 4 printed pages]

Your Roll No. : ....

Sl. No. of Q. Paper : 685 I

Unique Paper Code : 6132371103

Name of the Paper : Microeconomics for Material Management

Name of the Course : **B. A. (VS) Material Management**

Semester : I

Time : 3 Hours ***Maximum Marks : 90***

Instructions for Candidates :

(a) Write your Roll No. on the top immediately on receipt of this question paper.

(b) Attempt any **five** questions in **all**. Part of the questions to be attempted together.

(c) **All** questions carry equal marks.

1. (a) Explain the importance of price elasticity of demand. Find the equilibrium market price and quantity for the following demand and supply function. 9

Demand function : $P = 250 - 2Q$

Supply Function : $P = 10 + 3Q$

(b) Diagrammatically explain movements along the supply curve and shifts in supply curve. 9

2. (a) Explain meaning and importance of price elasticity of demand. 9

(b) Explain the cross elasticity of demand. Suppose price of coffee is 50 paise per cup then demand for tea is 50 cups. If the price of coffee rises to 70 paise per cups, then demand for tea goes up to 100 cups. Find cross elasticity of demand for tea. 9

3. (a) Diagrammatically explain the concept of consumer equilibrium. State the necessary and sufficient conditions for the same. 9

(b) Listing suitable diagram explain the derivation of demand curve from Price Consumption Curve. 9

4. (a) Draw and explain indifference curves when two goods are X and Y are Perfect substitute and Perfect complementary. 9

(b) Using suitable diagram explain the decomposition of price effect into income effect and substitution for an increase in price of inferior goods. 9

5. (a) Explain with suitable diagram, how the long run average cost curve is derived from short – run average cost curve ? 9

(b) Diagrammatically explain the relationship of different cost curve (MC, AVC, MC, AFC) in short period. 9

6. (a) Explain and illustrate graphically three stages of production function. In which stage of production does the firm operate ? 9

(b) How can we use isoquants and iso – cost line to analyse both cost minimization and out put maximization ? Explain using suitable diagram. 9

7. (a) How Allocative inefficiency under monopoly implies dead – weight loss ? Explain using suitable diagram. 9

(b) Using suitable diagram explain the short run supply curve of a firm. 9