6. What do you understand by equilibrium of a firm ? Explain the condition of short – run equilibrium of firm under perfect competition. Is equality of marginal revenue with marginal cost sufficient condition for equilibrium of the firm ? 18

7. (a) What is price discrimination ? Explain the types of price discrimination under monopoly.

(b) How is oligopoly different from monopolistic competition ? 10+8=18

8. Write short notes on the following (Do any **three**) :

(i) Economies and diseconomies of scale.

(ii) Engel Curve

(iii) Shapes of Indifference curve for complementary and substitute goods

(iv) Monopolistic Competition 6+6+6=18

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[This question paper contains 4 printed pages]

Your Roll No. : ....

Sl. No. of Q. Paper : **687** **I**

Unique Paper Code : 6132391103

Name of the Paper : Micro Economics for MSMEs

Name of the Course : **B. A. (Vocational Studies) MSMEs**

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.

(c) Part of the questions to be attempted together.

1. (a) What do you understand by the production possibility frontier ? Why it is concave to the origin ? Relate your answer with the opportunity cost.

(b) What is tax incidence ? Show how inelastic supply affect the tax incidence. 9+9=18

2. (a) What is Elasticity of Demand ? What is the difference between price elasticity of demand and slope of demand curve.

(b) If the price of coffee rises from ₹ 45 per 250 g to ₹ 55 per 250 g as a result the consumer's demand for tea increases from 600 to 800 packs. Find out the cross elasticity of demand. 9+9=18

3. (a) Explain with the help of diagram, the decomposition of price effect into substitution effect and income effect for an inferior good. When the price commodity is increases.

(b) What is income consumption curve. Draw indifference curve diagrams showing the income consumption curve in case of (a) normal good, (b) inferior goods.

9+9=18

4. (a) Calculate Total Product (TP) and Marginal Product (MP).

Labor	**Average Product (AP)**	**Total Product (TP)**	**Marginal Product (MP)**
1	10		
2	12.5		
3	11.7		
4	10		
5	8.4		
6	7		

(b) Explain the concept of returns to scale with appropriate diagrams. 10+8=18

5. (a) Explain the shapes of Average fixed cost, Average variable cost and Average cost. The point at which Average cost is equal to Marginal cost is termed as optimum level of output. Discuss.

(b) Explain the concept of Expansion path in long run and short run. 9+9=18