Question Bank
PEEM

Q1. “ The law of demand is a qualitative statement and elasticity of demand is a quantitative statement”. Comment and explain the degrees of elasticity of demand with the help of diagrams.

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Q2. “Indifference curve is convex to the origin”. What does it mean? Explain the properties of Indifference curve.

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Q3.” As the income of the family increases, the proportion spent on necessities falls.”. Explain the statement with the help of diagrams”.

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Q4. State the phases in the behaviour of total product as per the law of variable proportions. Use diagram.

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Q5

A) .From the following information ascertain the Works Cost for the month of August 1997:

		Rs.
Cost of special drawing	-	15,000
Hire charge for machinery	-	12,000
Return of raw material	-	20,000
Carriage on return	-	3,000
Rent, rates and insurance of works	-	6,000
Cost of factory supervision	-	4,000
Sale of Scrap	-	500
Cost of rectification of defective works	-	1,500
Stock of raw materials on 31.8.1997	-	15,000
Stock of W.I.P. on 31.8.1997	-	12,000

b)From the following particulars of a manufacturing concern, ascertain the Prime Cost:

	Rs.
Opening stock of raw materials	20,000
Closing stock of raw materials	30,000
Purchase of raw materials	1,05,000
Import duty paid on raw material purchased	15,000
Carriage Inward	5,000
Primary packing materials	3,000
Productive wages	95,000
Opening stock of work-in-progress at prime cost	17,000
Closing stock of work-in-progress at prime cost	10,000
Hire charge paid on plant	14,000
Other chargeable expenses	6,000

Q6 a) There will be a ________________ in the demand curve of cars with an increase in the price of petrol.

B) Define the term Total Fixed Cost and Total variable Cost.

c) Are the following statements true or false? Explain with reason.
I- When average product is maximum, marginal product is more than average product.
II-Both total cost and average cost start from the same point.

d) Explain Giffen paradox.

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Q7- what is the reason behind diminishing marginal rate of substitution?

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Q8- A consumer buys 10 units of a good at a price of Rs 9 per unit. At price of Rs 10 per unit, he buys 9 units. What is the price elasticity of demand? Use expenditure approach. 4

Q9- Mr. Ram spent Rs 200 on a commodity and bought 20 units of it. When its price changed, he spent Rs 300 and bought 15 units. Find out the elasticity of demand. 4

Q10- Give the meaning of production function.

2

Q11- What is short run? 2

Q12- What do you mean by Variable factors? 2

Q13- What is general shape of TP, AP and MP curves? 2

Q14- Give meaning of " Returns to factor.". 2

Q15- How MC is related to TVC? 2

Q16- Give the meaning of Explicit and Implicit cost. 2

Q17- Draw a diagram with the help of an imaginary schedule and discuss the shapes of AFC , AVC and AC curves. 4

Q18-
What is meant by Average variable cost? Why is AVC curve U-shaped? 3

Q19- Why does vertical distance between AC and AVC declines? 3

Q20- Discuss breifly the law of Returns to scale. 8

Q21- What are the reasons behind the law of returns to scale.

Or

Q21- Explain the concept of Economies of scale, Diseconomies of scale and balance between economies and Diseconomies. 8

Q22- Explian the Marshallian and Hicksian approach of Consumer's surplus. 8

Q23- Define the concept of Economics given by lord Robbins. 2

Q24- Give the wealth and welfare definition of economics. 2

Q25- Define the concept of supply. 3

Q26- Distinguish between Supply and Stock. 3