ANSWER KEY

Question 1		
(b)	**Price of good.**	
Question 2		
(a)	**Intended supply.**	
Question 3		
(d)	**Increase and decrease in own price of the commodity.**	
Question 4		
(d)	**S_1, S_2 and S_3 are unitary elastic.**	
Question 5		
(b)	**Shift rightwards.**	
Question 6		
(a)	**A 10% change in price causes a larger % change in quantity supplied.**	
Question 7		
(a)	**Vertical.**	
Question 8		
(a)	**Labour starts substituting leisure for wages.**	
Question 9		
(c)	**Reduce cost and increase supply.**	
Question 10		
(c)	**Supply curve will shift towards left**	
Question 11		
(b)	**Marginal utility.**	

Question 55		
(c)	**Freedom of entry and exit.**	
Question 56		
(i)		
	(c)	**Interdependence and non-price competition among firms.**
(ii)		
	(c)	**Oligopoly**
(iii)		
	(b)	**Few**
Question 57		
(i)		
	(d)	**Perfect Competition**
(ii)		
	(c)	**Price remains constant.**
(iii)		
	(a)	**Price × output.**
Question 58		
(i)		
	(a)	**Shut down point**
(ii)		
	(b)	**Break even point**
(iii)		
	(b)	**Firm must stop producing**
(iv)		
	(c)	**Supernormal profit**
Question 59		
(a)	**Normal profit**	
Question 60		
(b)	**Only variable cost.**	

(ii)		
	(b)	Minimum point.
Question 43		
(a)	Initially TVC increases at decreasing rate and then increases at increasing rate.	
Question 44		
(d)	Money cost.	
Question 45		
(d)	Interest on loans.	
Question 46		
(c)	Rs. 50.	
Question 47		
(c)	(A)- (iii), (B)-(i), (C)-(ii)	
Question 48		
(b)	MC is unaffected by fixed cost.	
Question 49		
(c)	Monopolistic Competition.	
Question 50		
(a)	Upward sloping.	
Question 51		
(i)		
	(a)	18, 21
(ii)		
	(b)	9,7
Question 52		
(d)	One seller.	
Question 53		
(d)	Monopoly and perfect competition.	
Question 54		
(d)	Negatively sloped demand curve.	

(ii)		
	(c)	OQ_1 to OQ_2
(iii)		
	(a)	E_2
Question 31		
(a)	$MP = TP_n - TP_{n-1}$	
Question 32		
(a)	Short run production function.	
Question 33		
(b)	Stage II	
Question 34		
(c)	AP is falling.	
Question 35		
(i)		
	(b)	falls
(ii)		
	(a)	Units of variable inputs are added to a fixed factor and AP and MP fall.
Question 36		
(b)	Increasing at diminishing rate.	
Question 37		
(b)	Overcrowding and management problems.	
Question 38		
(b)	inverse U	
Question 39		
(d)	50	
Question 40		
(c)	TP is increasing, AP declines, MP is declining to become zero.	
Question 41		
(c)	All inputs are variable.	
Question 42		
(i)		
	(d)	When MC > AC, AC rises.

(ii)			
	(d)	D	
(iii)			
	(d)	$MRS_{xy} = \frac{P_x}{P_y}$	
Question 21			
(i)			
	(a)	**One**	
(ii)			
	(b)	**Negatively sloped**	
(iii)			
	(c)	**Responsiveness of quantity demanded to the change in price.**	
Question 22			
(c)	**Cross price elasticity is negative.**		
Question 23			
(c)	**Highly elastic.**		
Question 24			
(b)	**Negative.**		
Question 25			
(c)	**Ed = 1**		
Question 26			
(c)	**It will rise.**		
Question 27			
(a)	**Equilibrium price remains constant.**		
Question 28			
(a)	**Excess demand.**		
Question 29			
(b)	**Floor price.**		
Question 30			
(i)			
	(a)	**OP_1 to OP_2**	

Question 12		
(d)	33 Units.	
Question 13		
(b)	Decreasing.	
Question 14		
(c)	Substitution effect	
Question 15		
(b)	Equal utility from the consumption of combination of two goods.	
Question 16		
(b)	Inferior good.	
Question 17		
(b)	Fall in price of substitute goods.	
Question 18		
(i)		
	(a)	zero.
(ii)		
	(c)	negative
(iii)		
	(a)	decreases but is positive.
Question 19		
(i)		
	(a)	The demand for oxygen increased and supply for oxygen remained the same.
(ii)		
	(d)	Rightward shift of demand curve.
(iii)		
	(b)	The above is a case of hoarding.
Question 20		
(i)		
	(b)	T