

Q. 4. Answer in detail (Any Two) (20)

1. Explain the profit maximization under perfect market competition
2. Discuss the credit control instruments of the central bank
3. What is business cycles and how phases structure the whole economic system ?

Q. 5. Case study (15)

A group of farmers in Maharashtra sells wheat in a large mandi where hundreds of other farmers also sell identical quality produce. The buyers include wholesalers and food processing companies. Prices are determined daily based on market forces, and no individual farmer can influence the price.

Questions:

- 1) Which market structure is described above?
 - 2) Why are farmers considered price takers in this situation?
 - 3) How is equilibrium price and quantity determined in this market?
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