Q1) Law of Demand

when a consumer wants to ~~produce~~ perchase a commodity and has purchasing power. Then, there exists a relationship b/w two variables i.e. price and quantity demanded. It is called demand function, law of demand or individual demand.

Definition

Other things remaining same when the price of a commodity increase its quantity demanded decreases and when the price of a commodity decreases its quantity demanded increases

According to Marshall.

Other things being equal with fall in price, the demand of the commodity is extended and with rise in price demand is contracted.

Relationship

$$Q_d = f(P)$$

where Q_d = quantity demanded

P = price of the commodity.

Assumptions

① Constant income

The income of the consumer remains constant. If income of consumer increases, the quantity demanded of consumer increases.

② Constant taste

There is no change in taste, habits and preference of the consumer by changing these factors.

(3) Constant Prices of Substitutes

There is no change in price of substitutes.

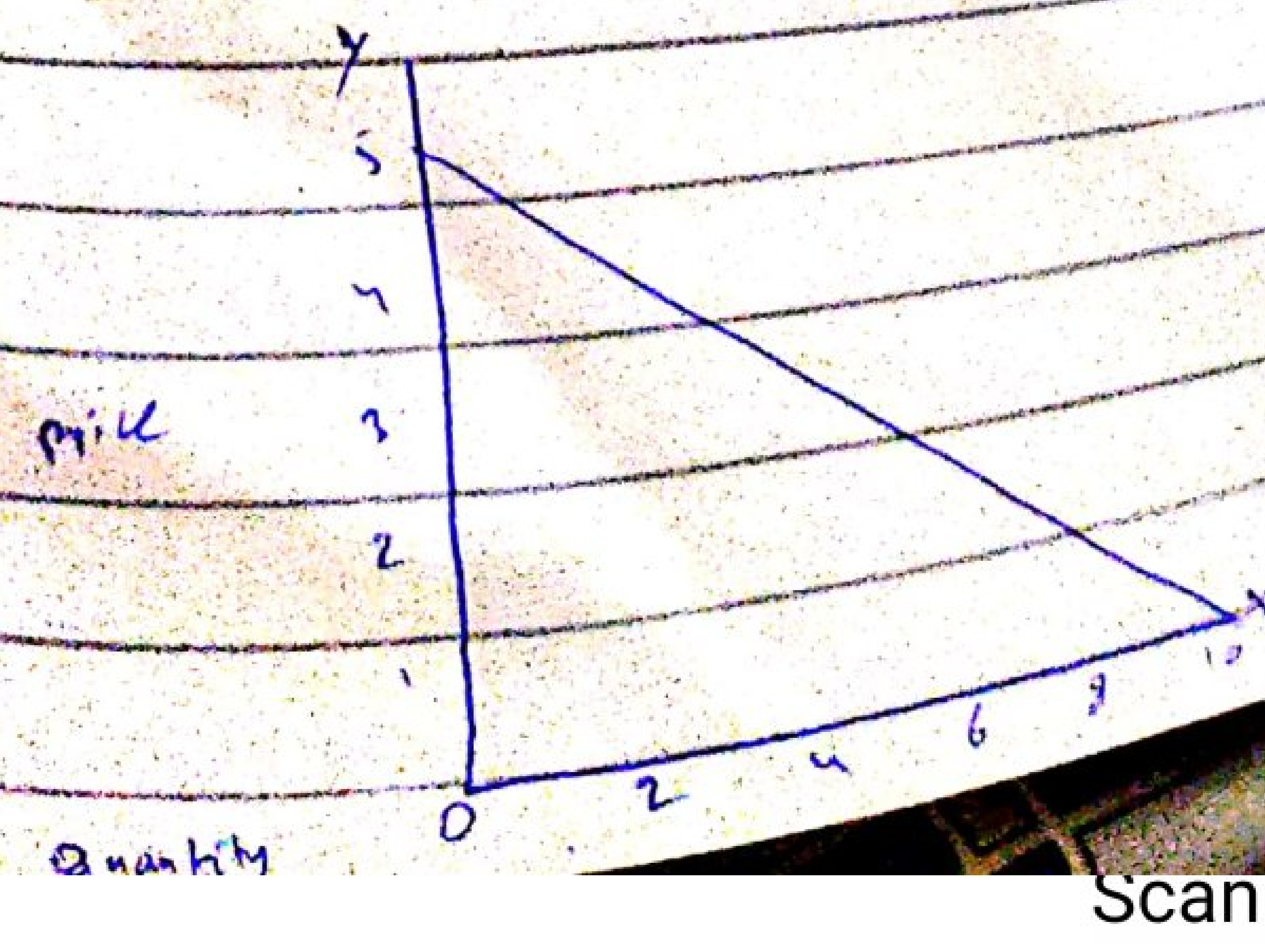
(4) No Discovery of substitutes

There is ~~new~~ no discovery of new substitutes.

(5) No change in Population

if a population increases then there will be no decrease in demand.

Graph



Market demand or Market aggregate demand

price of commodity	individual demand of consumer			market demand or aggregate demand
	A	B	C	
1	10	12	14	36
2	8	10	12	30
3	6	8	10	24
4	4	6	8	18
5	2	4	6	12

Law of diminishing marginal utility

The change in the total utility resulting from one unit change in the consumption of a commodity per unit of time is called marginal utility.

Definition

Other things remaining same when a person takes successive units of a commodity. the marginal utility diminishes constantly.

Assumptions

(1) Cardinal Measurement

The utility is measurable and a person can express the utility derived from a commodity in term such as 2 units, 4 units, 7 units etc.

(2) Rationality

A rational consumer aims at the maximization of the utility

(3) Constant marginal utility of money

It is necessary assumption that a standard unit of measurement is that is is constant.

(4) Continous use.

A commodity is being taken continously.

(5) A definite quantity of a good

There should be proper units of a good consumed by the consumer.

Q3) What is Multinational Corporation?

A multinational corporation is a company that operates in its home country, as well as in other countries around the world. It is not enough to call a company that exports its products to than one country a multinational company. They need to maintain actual business operations in other countries.

Characteristics of MNC's

1) Very high assets and Turnover

To become a multinational corporation, the business must be large and must own a huge amount of assets.

(2) Network of branches

multinational companies maintain production and marketing operations in different countries.

(3) Control

The management of offices in other countries is controlled by one head office located in the home country.

(4) Continued growth

multinational corporations keep growing. Even as they ~~at~~ operate in other countries.

(5) Right skills

multinational companies aim to employ only the best managers those who are capable of handling large amounts of funds.

Models of MNC's

1) Centralized

In a centralized model, companies put up an executive headquarters in their home country and the build various manufacturing plants and production in other countries.

2) Regional

The regional model states that company keeps its headquarters in one country that supervises a collection of offices that are located in other countries.

3) Multinational

In the multinational model, a parent company operates in the home country and puts up subsidiaries in different countries.

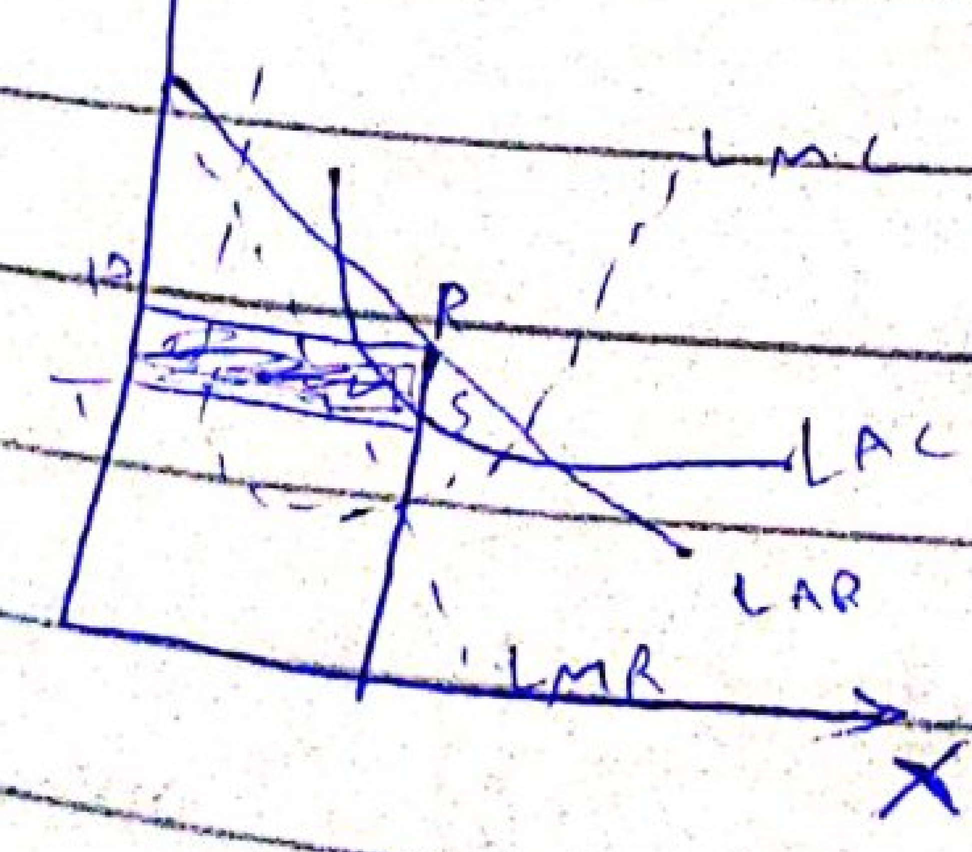
Q4) Illustrate how price is determined under monopoly?

Under Monopoly every seller wants to earn maximum profit. Monopolist can earn maximum monopoly gain by selling his goods. The price determination under monopoly condition is similar to those of perfect competition.

The only difference is that in perfect competition the average revenue curve and marginal revenue curve are same and parallel to x-Axis whereas in monopoly these curves are downwards sloping curves. The monopolist behaves like a firm. His aim is maximisation of profits and if there are losses. Then minimisation of losses. The profits are maximised when marginal cost is equal to marginal revenue.

A monopolist being the only producer and seller of that commodity can determine its price and the quantity of its production or supply. He cannot do bothe the things.

In the long period the monopolist introduces changes in his equiement's and techniques of production. During this period, In order to gain excess profit, he will change efficiency and capacity of his resources according to his need.



Q5) what is international Trade? Distinguish b/w domestic and international trade

International Trade

is the exchange of goods and services b/w countries. Trading globally gives consumers and countries the opportunity to be exposed to goods and services not available in their own countries.

Distinguish b/w domestic and international trade

International trade

refers to trade b/w Two different countries or one country and the rest of the world.

Domestic trade

Domestic trade or internal trade is the trade which takes places b/w different regions of the same country. It is to be noted that there are some point of similarities b/w these two kinds of trade. All trade, whether domestic or international arises from specialisation.