Answer any two questions   **10x2=20**

1) How is it possible to derive long-run marginal cost curve? Explain graphically.

2) (a) Derive demand curve from PCC .

  (b)Comment on the price elasticity of demand when PCC is (i)downward sloping and(ii) vertical straight line .

3) What is expansion path? "The expansion path generated by a linear homogeneous production function is a straight line passing through the origin".

4) Define elasticity of substitution .Derive elasticity of substitution for a CES production function .