

Course Code GECO - 01

Term End Examination - December, 2019

MICRO ECONOMICS

Generic Elective Course-I (BCOM)

Time : 3 hours*Full Marks* : 100*The figures in the right-hand margin indicate marks*Answer **all** Groups as directed

Group—A

1. Answer *all* the questions, each within 1 word : 1×10=10
 - (a) What do you mean by the term “ceteris peribus”?
 - (b) In case of which type of goods the demand curve slopes upwards from left to right?
 - (c) Give an example of two goods which are complementary in nature.
 - (d) What would be the sign of cross elasticity of demand in case of substitute goods?

(2)

- (e) What is the elasticity of demand at the mid-point of a straight-line demand curve?
- (f) What is the slope of the indifference curve called?
- (g) Which stage of production is called the stage of rational decision?
- (h) What is the shape of the Average Fixed Cost curve?
- (i) A firm is a price taker in which form of the market?
- (j) Marginal Revenue curve slopes _____ in case of a Monopoly.

Group—B

- 2.** Answer any *ten* questions each within 2 sentences : $2 \times 10 = 20$
- (a) How is the change in demand different from change in quantity demanded?
 - (b) What do you mean by cross-price elasticity of demand?
 - (c) Define a budget constraint.

(5)

- (k) Distinguish between Average Cost and Marginal Cost.
- (l) Why there is a kink in the demand curve of an oligopolist as suggested by Sweezy?

Group—D

- 4.** Answer any *four* questions each within 500 words : $10 \times 4 = 40$
- (a) Market demand curve is a horizontal summation of the individual demand curves. Explain diagrammatically using a set of imaginary demand schedules.
 - (b) What is an Indifference Curve? Explain the properties of an Indifference Curve.
 - (c) Explain the Law of Variable Proportions.
 - (d) Explain how a perfectly competitive firm attains equilibrium in the short run.
 - (e) What is monopolistic competition? What are the important features of a monopolistically competitive market?
 - (f) Explain the Sweezy's kinked demand curve model of Oligopoly.

★ ★ ★

(4)

Group—C

3. Answer any *ten* questions each within
75 words : 3×10=30

- (a) Explain Consumer's Surplus.
- (b) What are the important determinants of demand?
- (c) State the point method of measuring the price elasticity of demand.
- (d) State the conditions of consumer's equilibrium under the indifference curve approach.
- (e) Define external diseconomies.
- (f) Define the concept of opportunity cost with an example.
- (g) What are the characteristics of a perfectly competitive market?
- (h) What do you mean by price discrimination and what are the various types of price discrimination?
- (i) Explain the social cost of a monopoly.
- (j) Distinguish between collusive and non-collusive oligopoly.

(3)

- (d) What is an Income Consumption Curve (ICC)?
- (e) What do you mean by a production function?
- (f) What is Envelop Curve?
- (g) At what point a perfectly competitive firm shut-down production?
- (h) What do you know about a Cartel?
- (i) What is the relationship between the Average Revenue and Marginal Revenue in case of a perfectly competitive market?
- (j) Write the first-order and second-order conditions required for a monopolist to be in equilibrium in the short run.
- (k) How is accounting cost different from economic cost?
- (l) How is the point of inflexion important in the case of a short-run production function?