814 (MIC–I)

[19-HRPGKOW–M1S(N) 20M]

MA 1st Semester (New) Exam., 2019 (W)

ECONOMICS

[PGEC S1-01]

(Microeconomics—I)

Full Marks : 80

Time : 3 hours

The figures in the margin indicate full marks for the questions

1. *(a)* Answer the following questions in *one* or *two* sentence(s) : 1×8=8

(i) Define elasticity of demand.

(ii) What is meant by budget line?

(iii) Define price effect.

(iv) State the St. Petersburg paradox.

(v) State the snob effect.

(vi) Give two examples of fixed cost.

(vii) State the value of the elasticity of substitution for Cobb-Douglas production function.

(viii) Define market.

(b) Choose the correct option from the following : 1×4=4

(i) A bilateral monopoly is said to exist

(1) when one producer/seller faces two buyers

(2) when two producers/sellers face two buyers

(3) when two producers/sellers face one buyer

(4) when one producer/seller faces one buyer

(ii) The condition for short-run equilibrium of a monopolistic competitive firm is

(1) MC > MR

(2) MC = AC

(3) MC = MR

(4) MC < AC

(iii) A duopoly market has

(1) one seller

(2) two sellers

(3) three sellers

(4) four sellers

(iv) OPEC is a/an

(1) Regional cartel

(2) National cartel

(3) International cartel

(4) State cartel

(c) Fill in the blanks of the following : 1×4=4

(i) In equilibrium, there is no _____ for a change.

(ii) Excess capacity under monopolistic competition is an outcome of _____.

(iii) The slope of the indifference curve is indicated by _____.

(iv) The price at which demand equals supply is called _____ price.

2. Answer any *five* of the following questions (each in around *50* words) : 2×5=10

(a) Define Giffen goods.

(b) What is meant by transitivity of consumer choice?

(c) Mention any two superiorities of the ordinal approach over the cardinal approach of utility.

(d) What is meant by barometric price leadership?

(e) When is elasticity of a commodity termed as unitary elastic?

(f) Mention any two determinants of demand function.

3. Answer any *four* of the following questions (each in around *150* words) : 3×4=12

(a) Distinguish between short-run and long-run production functions.

(b) What are the basic three criteria of market classification?

(c) Briefly explain the concept of break-even with the help of a suitable figure.

(d) Briefly explain the concept of second-degree price discrimination.

(e) "Multiple products depend on the firm's capacity." Comment on the statement.

4. Answer any *three* of the following questions (each in around *250* words) : 6×3=18

(a) Make a comparison between price leadership by a low-cost firm vs. price leadership by a large firm.

(b) Discuss the properties of an indifference curve.

(c) Explain the significance of reaction curve in oligopoly.

(d) Discuss the important characteristics of constant elasticity-type demand function.

5. Answer any *three* of the following questions (each in around *300* words) : 8×3=24

(a) Explain how Samuelson demand theory is different from Hicksian revision theory of demand.

(b) Explain how a producer attains equilibrium using the least cost combination of inputs.

(c) Define excess capacity. Illustrate Chamberlin's measure of excess capacity. 2+6=8

(d) Write short notes on the following : 4×2=8

(i) Engineering cost

(ii) Derived demand

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