

2019

( October )

ECONOMICS

( Elective/Honours )

( Microeconomics )

Marks : 75

Time : 3 hours

The figures in the margin indicate full marks for the questions

Answer **five** questions, taking at least **one** question from each Unit

UNIT—I

1. What is an indifference curve? State the properties of indifference curve. Explain how a consumer attains equilibrium under indifference curve approach. 2+4+9=15
2. What is an Engel curve? Illustrate the Engel curve in terms of a normal good and an inferior good. 5+10=15

20D/11

( Turn Over )

( 2 )

UNIT—II

3. Explain the concept of production function. What are its assumptions? Explain the properties of the Cobb-Douglas production function. 3+3+9=15
4. Explain the relationship between total cost, total fixed cost and total variable cost with the help of a diagram. Explain why short-run cost curve is U shaped. 8+7=15

UNIT—III

5. Define monopoly. What are the characteristic features of monopoly? How is price determined in monopoly during the short run? 2+3+10=15
6. What is price discrimination? Explain the different degrees of price discrimination. Under what condition is price discrimination profitable? 3+6+6=15

UNIT—IV

7. Explain Keynes liquidity preference theory of interest. What are its limitations? 10+5=15
8. What is Pareto-optimality? Explain with suitable diagram the conditions of Pareto-optimally with regard to—  
(a) distribution of goods between individuals;  
(b) allocation of resources between firms. 3+6+6=15

★ ★ ★