

**ECO-ELH-101 (Syllabus-2015)**

**2015**

**( October )**

**ECONOMICS**

**( Elective/Honours )**

**FIRST PAPER**

**( 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. (a) Explain the properties of indifference curve with suitable diagrams.
- (b) Explain the assumptions and conditions under which the consumer attains equilibrium.

- (c) How will the equilibrium change with a change in income?  $6+6+3=15$

2. (a) Explain the arc elasticity of demand.

(b) Explain different degrees of price elasticity of demand with the help of suitable diagrams.

(c) Briefly explain the relationship between price elasticity of demand and the slope of the demand curve.  $5+5+5=15$

#### UNIT—II

3. (a) Distinguish between 'returns to a factor' and 'returns to scale'.

(b) Explain the stages of the law of variable proportions with the help of a diagram.  $5+10=15$

4. (a) Explain the properties of the Cobb-Douglas production function.

(b) Describe the concept of expansion path.  $10+5=15$

#### UNIT—III

5. (a) Define monopoly and monopoly power.

(b) Explain how price and output are determined under monopoly in the long-run.  $6+9=15$

( Continued )

6. (a) Define monopolistic competition mentioning its main features.

(b) Explain, with suitable diagram, how price and output are determined in the short-run under monopolistic competition.  $6+9=15$

#### UNIT—IV

7. (a) What is transfer earning?

(b) Explain the modern theory of rent with suitable diagrams.

(c) How far is it an improvement over the Ricardian theory of rent?  $2+8+5=15$

8. (a) What is Pareto-optimality?

(b) Explain with suitable diagram the conditions of Pareto-optimality with regard to—

(i) distribution of goods between individuals;

(ii) allocation of resources between firms.  $3+6+6=15$

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