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1/EH-16 (i) (Syllabus-2015)

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(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. (a) | What is price elasticity of demand? | 3 |
| (b) | Distinguish between perfectly elastic demand and perfectly inelastic demand with the help of suitable diagrams. | 5 |
| (c) | Explain the point method for measuring elasticity of demand. | 7 |
| 2. (a) | What is price effect? | 3 |
| (b) | Explain how price effect is the result of the income effect and the substitution effect under Slutsky's method. | 7 |
| (c) | Discuss the concept of consumer surplus. | 5 |

(2)

UNIT—II

3. (a) Explain the concept of production function. 3
- (b) Explain the main properties of the CES production function. 7
- (c) Outline producer's equilibrium with the help of a suitable diagram. 5
4. (a) Distinguish between average fixed cost and average variable cost diagrammatically. 4
- (b) Show how the long-run average cost curve (LAC) is derived using short-run average cost curves. 5
- (c) Explain the concepts of average revenue and marginal revenue under different market conditions. 6

UNIT—III

5. (a) What are the features of a perfectly competitive market? 5
- (b) Explain the short-run equilibrium of a firm under perfect competition. 7
- (c) Distinguish between monopoly and monopolistic competition. 3

D7/10

(Continued)

(3)

6. (a) What is price discrimination? 3
- (b) Explain the different degrees of price discrimination. 4
- (c) Show under what conditions price discrimination is profitable. 8

UNIT—IV

7. (a) Distinguish between money wage and real wage. 3
- (b) Discuss the marginal productivity theory of wages. What are its major limitations? 8+4=12
8. (a) Explain Keynes' liquidity preference theory of interest. Point out the criticisms against the theory. 7+3=10
- (b) Explain the concept of social welfare function propounded by Bergson. 5

D7—10600/10

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