

PG Odd Semester (CBCS) Exam., December—2016

ECONOMICS

(1st Semester)

Course No. : ECOCC-101

(Microeconomic Analysis—I)

Full Marks : 70

Pass Marks : 28

Time : 3 hours

*The figures in the margin indicate full marks
for the questions*

Answer **one** question from each Unit

UNIT—I

1. (a) Explain the term 'marginal rate of substitution (MRS)'. How is it significant in the theory of consumer's behaviour?
(3+3)+(4+4)=14
- (b) Explain the suitability of the following with the help of indifference curve :
 - (i) Higher wage for overtime work
 - (ii) Food subsidy versus cash transfer
2. (a) Define indirect utility function. Derive a demand function using this concept.

- (b) Describe how a person takes his consumption decision over time.
(3+5)+6=14

UNIT—II

3. (a) Illustrate critically the shape of the average cost curve both at the short run and long run.
(b) Suppose a cost function is
 $TC = 500 + 9Q + 0.05Q^2$
Find out AFC, AVC and MC.
8+(2+2+2)=14
4. (a) Calculate the elasticity of substitution from a standard Cobb-Douglas production function.
(b) Illustrate how a multiproduct firm attains equilibrium in a competitive market.
6+8=14

UNIT—III

5. (a) What do you understand by monopoly power? Explain the various measures of monopoly powers that are used to measure the degree of economic concentration.
(b) Explain how bilateral monopoly leads to indeterminacy in the market. (2+6)+6=14

6. Distinguish between increasing cost, decreasing cost and constant cost industry. Explain the nature of supply curve under conditions of constant costs. What is the shape of the supply curve of the firm in such an industry? $3+6+5=14$

UNIT—IV

7. What do you understand by limit pricing? How do limit pricing models offer an alternative to the neo-classical theory of the firm? In this connection, explain Bain's limit pricing model. $3+3+8=14$
8. Explain the process of price determination under collusive oligopoly. Add a note on Hotelling's model of oligopolistic pricing. $8+6=14$

UNIT—V

9. What problems a consumer faces under uncertain situation? Illustrate the contribution of Neumann and Morgenstern in solving such problems. $6+8=14$
10. Write short notes on any *two* of the following : $7 \times 2 = 14$
- (a) Maximin and minimax strategies
 - (b) Saddle point and its properties
 - (c) Dominant strategy equilibrium
 - (d) Prisoner's dilemma

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