

[This question paper contains 2 printed pages.]

**Sr. No. of Question Paper : 3098**

**Roll No.....**

**Unique Paper Code : 12485901**

**Name of the Course : B.A. (Hons) Business Economics, 2015 (CBCS)**

**Name of the Paper : Microeconomics**

**Semester : I**

**Duration : 3 Hours**

**Maximum Marks : 75**

**Instructions for Candidates**

1. Write your Roll No. on the top immediately on receipt of this question paper.
2. Attempt **any five** questions.
3. Attempt **all** the parts of a question together.

1. (a) What do you understand by price elasticity of demand? What are its determinants? Find out the elasticity of demand for

(i) Two intersecting downward sloping demand curves at their point of intersection.

(ii) Two parallel downward sloping demand curves at the same level of quantity. (8)

(b) What do you understand by cross and income elasticity of demand. How is this concept useful in economic theory. What do you think happens to the income elasticity of demand for food products as the economy grows? (7)

2. (a) Explain how the Slutsky' treatment of income and substitution effect different from Hick's treatment. (8)

(b) How an individual's demand curve is derived using indifference curve analysis. Show in case of a normal good. (7)

*P.T.O.*

3. (a) What are the three stages of production? In which stage of production will the rational producer will produce and why? (8)
- (b) What do you mean by returns to scale? Show with the help of suitable diagrams using Isoquants? (7)
4. (a) Explain the shapes of short run cost curves. Analyse the relationship between short run average cost curves i.e. short run average cost, short run average variable cost, short run average fixed cost and short run marginal cost. (8)
- (b) Derive Long run average cost curve from short run average cost curves as per the traditional theory of costs? (7)
5. Write short notes on any **three**
- (a) Total outlay and price elasticity of demand.
- (b) Shut down point of a perfectly competitive firm.
- (c) Dead weight Loss.
- (d) Engel curve. (3×5)
6. (a) In a perfectly competitive market explain the short run equilibrium of a firm under the different cases. (8)
- (b) Diagrammatically derive the long run supply curve of a perfectly competitive industry in case of decreasing cost and constant cost. (7)
7. (a) What is price discrimination? Explain and distinguish between first and second degree of price discrimination. (8)
- (b) Discuss in detail the economies and diseconomies of large scale production. (7)