

[This question paper contains 2 printed pages.]

Sr. No. of Question Paper : 6087

Your Roll No.....

Unique Paper Code : 12485901

Name of the Paper : Microeconomics

Name of the Course : **B.A. (Hons) Business Economics, 2016 (CBCS)**

Semester : III

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. What is Production Possibilities Curve ? Discuss the central problems of an economy. Draw a PPC for an economy that produces Food and Clothing. Show an efficient point, an inefficient point, and an infeasible point. Show the effects of a drought on PPC. (3×5=15)

2. (a) Explain Law of demand. Distinguish between movements along the Demand Curve and shifts in the Demand Curve. (10)

(b) Market Research has revealed the following information about the market for pizza. The demand schedule can be represented by the equation $Q^d = 380 - 20P$, where Q^d is the quantity demanded and P is the Price. The Supply Schedule can be represented by the equation $Q^s = 120 + 30P$, where Q^s is the quantity supplied. Calculate the equilibrium price and quantity in the market for Pizza. (5)

P.T.O.

3. Why is the short run Average cost Curve U-shaped ? Calculate Total Variable cost, Average Fixed Cost, Average Variable cost, Average Total Cost, Marginal Cost from the data given below :

Out-Put(units)	0	1	2	3	4	5	6
Total Cost	100	120	136	145	164	195	252

(15)

4. Price effect is a combination of Income Effect and Substitution Effect. Explain this by using Indifference Curve analysis. (15)
5. Outline the main determinants of demand and supply elasticity. Explain the relationship between price elasticity of demand and total expenditure. (15)
6. (a) Explain the short-run equilibrium determination under different cost conditions under monopoly. (10)
- (b) There is no supply curve under monopoly. Explain. (5)
7. Write short notes on any **three** :
- (a) Distinguish between returns to a factor and returns to scale
- (b) Price ceiling
- (c) Consumer and Producer Surplus
- (d) Long Run Supply Curve under Perfect Competition (3×5=15)