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Sr. No. of Question Paper : 6060

Your Roll No.....

Unique Paper Code : 248101

Name of the Paper : Microeconomics – I

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

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) Distinguish between positive and normative statements with the help of examples.
(b) Define Production Possibility Curve (PPC) and explain the concept of opportunity cost by using PPC.
(c) Explain cross price elasticity of demand for goods X & Y with the help of formula and examples. (5+5+5)

2. Explain the following. Use diagram where required

(i) The Numeraire

(ii) Free food stamps and subsidised food stamps

(iii) Impact of taxes and rationing on budget line

(3+6+6)

P.T.O.

3. (a) Can a consumer ever achieve optimum at the boundary ? Support your answer with the help of an example.
- (b) 'Income tax is better than quantity tax'. Elaborate the statement with the help of algebraic approach as well as suitable diagram. (5+10)
4. (a) Elucidate satiation point using indifference curves.
- (b) How is Slutsky approach different from the Hicksian approach for a normal good ? Explain using suitable diagrams. (5+10)
5. Using isoquants explain the following cases :
- (i) When inputs are perfect substitutes
 - (ii) Fixed proportions production function
 - (iii) Increasing returns to scale
 - (iv) Constant returns to scale
 - (v) Decreasing returns to scale (5×3)
6. (a) 'Short run average cost curve is required to derive the Long run average cost curve.' How ? Use suitable diagram.
- (b) Discuss the case of input substitution when an input price increases. (9+6)
7. With the help of suitable diagrams derive long run supply curve for constant cost, increasing cost and decreasing cost industries. (15)