

[This question paper contains 2 printed pages.]

Sr. No. of Question Paper : 6074

Your Roll No.....

Unique Paper Code : 12481101

Name of the Paper : Microeconomics & Application – I (CI)

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

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 all **five** questions.
3. Attempt **all** the parts of a question together.

1. What do you understand by equilibrium price ? Discuss the different price elasticity along the demand curve represented by $Q = a - bp$. (10)

OR

Explain the concept of opportunity cost and discuss how it relates to the problem of choice between alternatives. (10)

2. (a) Distinguish between substitutes and complementary goods with the help of indifference curves. Explain any two cases of exceptions to the well behaved preferences with the help of diagrams. (10)

OR

How the consumer budget set is affected if good X_1 is taxed after a certain level. To generate a same amount of revenue, which tax should be imposed by the government, quantity tax or income tax ? (3+7)

P.T.O.

(b) Attempt any **three** :

(i) Derive the Engel curve for perfect substitutes. (5)

(ii) Compare WARP and SARP. (5)

(iii) 'Hicks substitution effect gives the consumer just enough money to get back to his old indifference curve'. Elaborate using appropriate diagram. (5)

(iv) Discuss any two situations under which the consumer attains boundary optimum. (5)

3. Use diagrams to explain constant MRTS and Leontief production function. (10)

OR

Explain the operative stage, chosen by the producer, given the three stages of production. (10)

4. (a) 'Learning curve is different from economies of scale.' Explain. (5)

(b) Explain the input substitution when the price of an input changes. (5)

OR

Explain the expansion path with the help of diagram. Show the inflexibility of the short run using the expansion path. (10)

5. Attempt any **two** :

(a) Mixed bundling is often the ideal strategy when demands are only somewhat negatively correlated and marginal production costs are significant. (10)

(b) Explain economic inefficiency in monopolistic competition. (10)

(c) Discuss the effects of output tax on output of a firm and industry in a competitive market. (10)