

BACHELOR OF ARTS EXAMINATION, 2024

(1st Year, 1st Semester, Old)

General Elective

MICROECONOMICS

PAPER – GE-1.10

Time : Two hours

Full Marks : 30

Answer any three questions from the following :

1. a) Mention four basic assumptions about individual preferences? Explain the significance or meaning of each.
b) Explain why two indifference curves cannot intersect. Describe the indifference curves associated with two goods that are perfect substitutes. 4+4+2 =10

2. a) Define the concepts - Price elasticity of demand and Income elasticity of demand.
b) Explain with the help of a diagram the relative elastic demand and relative inelastic demand.
c) Indicate the Supply schedule of a firm. Explain the shape of its Supply curve.
d) What are the factors that determine supply of a firm ? 3+3+2+2=10

3. a) What is a production function? How does a long-run production function differ from a short-run production function?
b) Show the relationship between average product curve and marginal product curve with the help of a diagram.
c) Why is the marginal product of labour likely to increase initially in the short run as more of the variable input is hired? 3+5+2 =10

4. a) Mention the assumptions of a Perfectly competitive market.
b) Explain the equilibrium condition of a firm under perfect competition. 4+6

5. a) Define an Isoquant. Explain the difference between a linear and L-shaped isoquant. Can an isoquant be upward sloping? Explain.
b) Explain the three different phases of production with the help of a diagram. 2+2+6 =10

6. a) What is an Isocost line ? Why are isocost lines straight lines? Indicate any factor that shift the Isocost Line.
b) Assume that the marginal cost of production is greater than the average variable cost. Can you determine whether the average variable cost is increasing or decreasing? Explain. 2+2+2+4=10