

Jadavpur University
BA EXAMINATION, 2022
First Year, Semester I
DEPARTMENT OF ECONOMICS

Introductory Microeconomics

Time: Two Hours

Full Marks: 30

Answer *any five* questions out of *seven* questions

6 x 5=30

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1. Give an example of a necessary condition that is not sufficient and an example of a sufficient condition that is not necessary. Explain your answer. 3+3 = 6
 2. Consider two goods which are perfect substitutes and have the same price. For a consumer allocating his income between the goods, how many possible equilibrium allocations are there? Explain your answer 2 + 4 = 6
 3. Let the inverse demand curve of the monopolist be given by where notation have their usual meaning. Show that the marginal revenue curve is negatively sloped with a magnitude of slope which is twice that of the inverse demand curve. Why does the monopolist always produce on the elastic portion of the demand curve? 3+3=6
 4. Consider production with one variable input which exhibits increasing marginal product initially and then diminishing marginal product. What is the shape of the marginal cost curve? Give reasons. 2+4=6
 5. "All goods in an economy cannot be luxuries". Do you agree or disagree? Give reasons. 2+4 = 6
 6. "The effect of a per unit tax of Rs. t on suppliers in a market is the same as that produced by a contraction in supply". To what extent is this statement true? Discuss. 6
 7. "When the marginal cost curve is U shaped there is a break in the firm level supply curve under perfect competition." Do you agree with this statement? Discuss. 6