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5. Explain the concept of deadweight loss under monopoly?
Why is there no supply curve under monopoly? 3+3=6
6. If a tax levied on the sellers in a perfectly competitive setup is Rs. t per unit, show that the buyer's burden and seller's burden add up to Rs. tg . What happens to the price the buyer has to pay and the equilibrium quantity as a result of the tax? 3+3=6

Ex/CBCS/ECO/UG/Core/1.1/2023

BACHELOR OF ARTS EXAMINATION, 2023

(1st Year, 1st Semester)

ECONOMICS

[INTRODUCTORY MICROECONOMICS]

Time : Two Hours

Full Marks : 30

Answer any *five* questions out of six questions. 6×5=30

1. Define 'income elasticity of demand' and use it to define 'inferior goods' and 'normal goods'. Give an example of a good which is normal when individual income is low and inferior at higher levels of individual income. Give reasons for your answer. 3+2+1=6
2. What are the components of economic models? Give an example of an economic model with explanation. 2+4=6
3. Explain how price increase impacts the total expenditure incurred by a consumer on a good, given the price elasticity of demand. Show that for a linear demand curve, the price elasticity of demand ranges from zero to infinity. 3+3=6
4. "In a two good world if the two goods are perfect substitutes, then any one or both the goods may be consumed depending on the relative prices of goods". Do you agree with this statement? Explain your answer. 1+5=6

[Turn over