

5/ECO-301 Syllabus-2023

2 0 2 5

(Nov-Dec)

FYUP : 5th Semester Examination

MAJOR

ECONOMICS

(Microeconomics—II)

ECO-301

Marks : 75

Time : 3 hours

*The figures in the margin indicate full marks
for the questions*

Answer **five** questions taking at least
one from each Unit

UNIT—I

1. Elucidate how is the Engel curve derived.
Describe how is it useful in identifying
normal and inferior goods. 9+6=15
2. Show that price effect is the sum of income
effect and substitution effect. 15
3. Write notes on the following : 7½+7½=15
 - (a) Consumer's surplus
 - (b) Expected utility function

26D/730

(Turn Over)

(2)

UNIT—II

4. (a) What is homogeneous production function? Prove that Cobb-Douglas production function is homogeneous. 5
- (b) What is expansion path? Derive the expansion path for homogeneous production function. $3+7=10$
5. What do you understand by economies of scale? Explain the determinants of economies of scale. $3+12=15$
6. What do you mean by marginal rate of technical substitution (MRTS)? Explain the concept with the help of diagram in the context of convex, linear and L-shaped isoquant. $3+12=15$

UNIT—III

7. "The monopolist restricts output below the socially optimal level and changes a price above marginal costs, resulting in (dead-weight) loss to society." Elucidate. 15
8. How is the output determined in Cournot model? How does the number of firms affect the share of individual firm? $10+5=15$

(3)

9. What is price discrimination? Under what circumstances it becomes feasible and profitable? $3+12=15$

UNIT—IV

10. What is meant by Walrasian equilibrium? Explain the conditions for the existence and uniqueness of Walrasian equilibrium. $6+9=15$
11. How do externalities lead to non-attainment of Pareto efficiency? 15
12. Write notes on the following : $7\frac{1}{2}+7\frac{1}{2}=15$
- (a) Principal agent problems
 - (b) Adverse selection
