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(October)

ECONOMICS

(Elective/Honours)

(Microeconomics)

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. *(a)* Define consumer's surplus. Explain how
   it is measured with a suitable diagram.

   3+5=8

   (b) Define Engel's Law and its significance.
   What are the different kinds of Engel
   curves and how do we differentiate
   commodities with these types?　　3+4=7

2. *(a)* What are indifference curves?　　　　2

   (b) Describe the properties of indifference
   curve. Explain these properties with
   suitable diagrams.　　　　　　5+8=13

UNIT—II

3. *(a)* State and explain the law of variable proportions.   2+10=12

    (b) What are the limitations of the law?   3

4. *(a)* Distinguish between returns to scale and returns to factor proportion.   5

    (b) Explain the 'returns to scale' with the aid of equal product curves.   10

UNIT—III

5. *(a)* Define monopoly.   3

    (b) Explain how price and output are determined under monopoly.   8

    (c) How is equilibrium under monopoly different from equilibrium under perfect competition?   4

6. *(a)* Explain the concept of group equilibrium under monopolistic competition.   7

    (b) Explain the 'kinked' demand curve theory of oligopoly. How far is it a satisfactory explanation of price rigidity under oligopoly?   5+3=8

UNIT—IV

7. *(a)* Explain the concept of economic rent. Is it a differential surplus?   3+2=5

    (b) Critically examine the Ricardian theory of rent.   10

8. *(a)* What is Pareto optimality?   3

    (b) Explain the conditions of Pareto optimality with regard to the distribution of goods between individuals and allocation of resources between firms.   6+6=12

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