

Date:09-03-2022

Registration number:

ST. JOSEPH’S COLLEGE (AUTONOMOUS), BENGALURU-27

BSc Economics - I SEMESTER

SEMESTER EXAMINATION: OCTOBER 2021

(Examination conducted in -March 2022)

 **ECS 1121 - Microeconomics**

Time- 3 hrs Max Marks-100

This question paper contains two printed pages and three parts

**Part A**

**Answer any 10 questions 3\*10 = 30 Marks**

1. Explain the difference between positive and normative economics with possible examples.
2. What is meant by equilibrium in economics? Explain with example.
3. What is the difference between cardinal and ordinal utility?
4. Draw the indifference curve when both the commodities are perfect complements. Give possible example.
5. Distinguish between short run and long run costs.
6. What is the reason behind the convexity of the Indifference curve?
7. Define revenue. What is total revenue?
8. Explain the law of equi-marginal utility.
9. What do you mean by law of demand? When is it getting violated?
10. What is the difference between indifference curve and isoquant?
11. Distinguish between perfect and imperfect oligopoly.
12. What is iso-cost line? Derive it’s slope.

**Part B**

**Answer any 5 questions 5\*5 = 25 Marks**

1. What do you mean by returns to scale in production? What are the different types of returns to scale in production?
2. Derive the LAC curve.
3. What is the difference between boundary optimum and interior optimum? Explain one situation when consumer attains boundary optimum.
4. Explain the relation between total revenue and marginal revenue. Use diagram.
5. What are the limitations of Marshallian theory of consumer behaviour?
6. Calculate total cost and average variable cost from the following:

|  |  |  |
| --- | --- | --- |
| Output  | AFC | MC |
| 1 | 60 | 32 |
| 2 | 30 | 30 |
| 3 | 20 | 28  |
| 4 | 15 | 30 |
| 5 | 12 | 35 |
| 6 | 10 | 43 |

1. Define producer’s surplus. Explain with diagram.

**Part C**

**Answer any 3 questions 15\*3 = 45 Marks**

1. Explain the determination of price under perfect competition with help of a schedule and a diagram.
2. a. Define strong axiom of revealed preference theory. 5
3. Using suitable diagram, explain why complete ranking of bundles is impossible if one considers weak axiom of revealed preference. 10

22. a. Prove that price effect (P.E) is the summation of substitution effect (S.E) and income effect (I.E) using compensating variation of income. (Assume that consumer has two commodities, q1 and q2, where both the commodities are normal. Prove the above scenario if price of q1 falls.). 10

b. What do you mean by Snob effect? Explain with diagram. 5

23. Graphically explain the relation between AR and MR under perfect and imperfect competition.

24. What is the relation between total product, average product and marginal product in the production process? Explain graphically.