M.A. (PREVIOUS) EXAMINATION 2016 HELD IN 2017

ECONOMICS (PAPER I)

MICRO ECONOMICS

Time: 3 hours   Max Marks: 100

Instructions:

(i) Attempt any FIVE questions

(ii) All questions carry equal marks

(iii) Draw diagrams wherever needed to elaborate your answers.

Q1   (a) What is meant by Marginal Rate of Substitution MRS? Explain with the help of diagram.

(b) Explain using suitable graphs how the relationship between the shape of indifference curves and MRS develop.

Q2   (a) What does perfect competition mean? State and explain the underlying assumptions of perfect competition.

(b) Why marginal revenue MR is equal to price in a perfectly competitive market?

Q3   (a) What is the relationship between MPP (marginal physical product) and MC (marginal cost) curves? Why are these so related?

(b) What is the relationship between MC (marginal cost) AVC (average variable cost) and ATC (average total cost) curves? Why are they so related?

Q4   Why monopolies do arises? Give few examples of underlying structures that can generate a monopoly in a market.

Q5   (a) Explain how and why the budget constraint might change if income and prices of all goods increased in same proportion.

(b) Distinguish between inferior and Geffen goods on the basis of income and substitution effects using proprietor diagram.

Q6   Do consumers or producers always pay the increase in sales tax rate? What are the factors upon which the distribution of tax burden depends between consumers and producers? Discuss with the help of diagrams.

Q7   Explain how short run supply curve of a firm and industry derived its perfect competition.

Q8   Write short notes on any two of the following:

(a) Difference between change in demand and change in quantity demanded

(b) Cornout oligopoly

(c) Knight's theory of profit

(d) Long run equilibrium monopolistic competition