

**M.A. (PREVIOUS) EXAMINATION 2017 HELD IN 2018**

**ECONOMICS (PAPER I)**

**MICRO ECONOMICS**

Time: 3 hours

Max Marks: 100

**Instructions:**

(i) Attempt any FIVE questions

(ii) All questions carry equal marks

- Q1 Using the tools of indifference analysis and appropriate diagrams explain how a consumer response to a fall in the price of a normal good. How the outcome difference if the good is inferior good?
- Q2 (a) Differentiate between Marshallian and Hicksian price elasticities.  
(b) Explain how on the basis of elasticities we can distinguish between:  
(i) Complementary and substitute goods  
(ii) Normal and inferior goods
- Q3 Draw and explain the models for firm and an industry in a perfectly competitive market in the long run.
- Q4 Isoquants and isocost lines enable economics to derive the cost minimising level of production, but these cannot reveal about existence of economies of scale. Do you agree? Give arguments in the favour of your answers.
- Q5 (a) Explain the factors which might give a firm a degree of monopoly power in a market consisting of several suppliers.  
(b) Suppose a monopolist decides to maximize revenue rather than profit. Using a diagram explain how price and quantity will change.
- Q6 (a) What is difference between Ricardian theory of rent and modern theory of rent? Discuss in detail.  
(b) Rent element exists in all other factor of incomes. Explain
- Q7 (a) Monopolistic competition is a combination of perfect competition and monopoly. Explain  
(b) Describe the features of oligopoly market.
- Q8 Write short notes on any THREE of the following

- (a) Relationship between MPP and MC
- (b) Theory of profit
- (c) Demand determinants
- (d) Cardinal and ordinal utility
- (e) Income effect and substitution effect.