

2021
ECONOMICS
[HONOURS]
(CBCS)
(B.Sc. Third Semester End Examinations-2021)
PAPER-CC5
(Intermediate Micro economics – I)

Full Marks: 60

Time: 03 Hrs

*The figures in the right hand margin indicate marks
Candidates are required to give their answers in their own words as
far as practicable
Illustrate the answers wherever necessary*

Group-A

1. Answer any ten questions from the questions below:

10x2= 20

- a) Define compensating variation of income.
- b) What will be the shape of isoquant when the inputs are used in fixed proportion.
- c) What do you mean by break even point?
- d) What is externality?
- e) What do you mean by Sunk cost?
- f) When does an indifference curve become straight line?
- g) Why is the firm under perfect competition regarded as price taker?

(2)

- h) What do you mean by 'Monotonic Preference'?
- i) Write down the condition of risk aversion for a consumer.
- j) What is Homothetic Production Function?
- k) Distinguish between Internal Economics and External Economics.
- l) What is Expansion Path?
- m) Distinguish between Accounting costs and Economic costs.
- n) When does labour supply curve become horizontal?
- o) What is a utility function?

Group-B

Answer any four of the following questions: 4x5 = 20

- 2) Explain the difference between marginal product and marginal revenue product.
- 3) Derive the industry supply curve under perfect competition under increasing cost condition.
- 4) Determine the shape of a budget line of a consumer in a two commodity world.
- 5) Define perfectly competitive market. Mention the characteristics of perfectly competitive market.
- 6) What do you mean by returns to scale? State the different types of returns to scale.
- 7) State and prove the Product Exhaustion theorem, clearly stating its assumptions.
- 8) How does the diversification of investors' portfolio avoid risk?

(3)

Group -C

Answer any two of the following questions: 10x2 = 20

- 9) State and explain the different properties of homogenous production function.
- 10) Derive the short run supply curve of a firm under perfect competition.
- 11) Discuss how reward of a factor is determined when both the factor market and product market are perfectly competitive? Explain.
- 12) Give reasons for the 'U-shaped' long run average cost curve. Why long run average cost curve usually called 'planning-curve'?
