

7-12-17

DOON UNIVERSITY, DEHRADUN
Final Semester Examination, 2017
Department of Economics
M.Sc. (Economics) First Semester
SSEI- 110: Microeconomics-I

Time Allowed: 3 Hrs.

Maximum Marks: 50

Note: Attempt All Questions from Sections A,B,C.

SECTION : A

All questions are compulsory and carry equal marks. (Marks: 5x2=10)

1. Trace the demand curve for a commodity given that the price-consumption curve is horizontal for all the relevant prices of the commodity.
2. Draw the Total Utility curve and determine the economically relevant range of the curve.
3. Write the formula for the Income Elasticity of demand. Using this equation show when will the Income Elasticity be equal to zero.
4. Does a monopolist have a supply curve? Why or why not?
5. If the total consumer expenditure of a good falls if the price falls, what will be the price elasticity of demand?

SECTION : B

Answer any FOUR. Word limit: 250 words (Marks: 4x5=20)

1. Define the following and give the mathematical representation
 - a) Cross elasticity of Demand
 - b) Elasticity of substitution
 - c) Production Function
 - d) Marginal Revenue Productivity
2. Which are the two forces that act in determining the shape of the AC curve. Explain the forces with examples and illustrate with a suitable diagram.
3. What are the conditions for the short-run equilibrium of a firm? Explain with a suitable diagram.
4. Write the Total Cost function for a firm. Explain the relationships between the different types of Total, Average and Marginal Costs using appropriate curves for each.
5. Explain how factor prices are determined by a firm under conditions of perfect competition. Use a suitable diagram to illustrate your answer.

SECTION : C

Attempt any TWO. Word limit: 700 words (Marks: 2x10=20)

1. What are the characteristics of a Monopolistic Competition? How is Monopolistic Competition different from a Perfect Competition? Using a suitable diagram, explain how price is determined under a monopolistic market situation. **(2+2+6)**
2. Define Price Effect. Explain the two forces that act on the quantity demanded when the price of a commodity increases or decreases? Explain the case of a price increase and a price decrease using suitable diagrams. **(1+3+3+3)**
3. State the laws of production. Discuss the short-run analysis of production. Use suitable diagrams to explain your analysis. **(2+8)**