

DHANAMANJURI UNIVERSITY

BA 3rd SEMESTER (CBCS)

2021

DECEMBER

ECONOMICS (Hons)

CEC-205

INTERMEDIATE MICROECONOMICS -I

Full Mark: 100

The figures in the margin indicate full marks for the questions.

Attempt any 10 Questions

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| 1. Explain Utility Function. Construct a utility function in case of transitive preference. | 6+4=10 |
| 2. Define Consumer's Equilibrium. How does a consumer attain equilibrium in cardinal utility analysis? | 2+8=10 |
| 3. What is budget constraint? Explain the properties of the budget set with the budget line is $P_1X_1 + P_2X_2 = M$. | 2+8=10 |
| 4. What is Slutsky Substitution Effect? Explain Slutsky Substitution Effect for a declined in price of one good with indifference curve analysis. | 2+8=10 |
| 5. What is Slutsky identity? Explain the Total Change in Demand. | 4+6=10 |
| 6. What is Intertemporal choice? Show graphically:
when $c_1 < m_1$, the consumer is a lender;
when $c_1 > m_1$, the consumer is borrower. | 2+4+4=10 |
| 7. Distinguish between Net and Gross Demand. Explain how the optimal consumption changes as the endowment changes while the prices remain fixed. | 2+8=10 |
| 8. Explain Technological Constraints. What is meant by MRTS? How is it related to Marginal Product of factors? | 4+4+2=10 |
| 9. What is linear homogenous production function? Show that Cobb-Douglas production function exhibits linear homogenous production function. | 2+8=10 |
| 10. Distinguish between private and social cost. Derive LAC from SACs. | 2+8=10 |
| 11. What is the relationship between MC and AC? If the MC is rising, does it mean that AC must also be rising? | 5+5=10 |
| 12. State the features of perfectly competitive market. Explain how does in a perfectly competitive market results in allocative efficiency. | 4+6=10 |
