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5 SEM TDC PM (CBCS) GE 501

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(Held in January/February, 2022)

COMMERCE

(Generic Elective)

Paper : GE 501

(**Principles of Microeconomics**)

Full Marks : 80

Pass Marks : 32

Time : 3 hours

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

1. Answer the following as directed : 1×8=8

(a) The demand for a commodity is inversely related to the price of its substitutes.

(Write True or False)

(b) If demand curve is parallel to Y-axis, the price elasticity of demand is equal to unity/more than unity/less than unity/ zero.

(Choose the correct answer)

(c) What is ordinal measurement of utility?

- (d) Define a price consumption curve.
- (e) Total cost is the summation of
- (i) total fixed cost and total variable cost
 - (ii) average cost and marginal cost
 - (iii) selling cost and money cost
 - (iv) real cost and opportunity cost
- (Choose the correct answer)
- (f) If two factors are perfectly substitutes, the isoquant curve will be
- (i) negatively sloping convex curve
 - (ii) negatively sloping straight line
 - (iii) right-angled
 - (iv) None of the above
- (Choose the correct answer)
- (g) Under which form of market a firm is price taker?
- (i) Monopoly
 - (ii) Perfect competition
 - (iii) Monopolistic competition
 - (iv) Oligopoly
- (Choose the correct answer)
- (h) Monopolistic competition and oligopoly are alike in terms of ____.
- (Fill in the blank)

2. Write short notes on any four of the following : 4×4=16
- (a) Determinants of price elasticity of supply
 - (b) Characteristics of indifference curve
 - (c) Relationship between average cost and marginal cost
 - (d) Dead-weight loss in monopoly
 - (e) Excess capacity in monopolistic competition.
3. (a) Explain the relationship price of a commodity and its quantity supplied. Discuss how market equilibrium is determined at the intersection of market demand and market supply curves. 4+7=11
- Or
- (b) What is price elasticity of demand? Examine the role of price elasticity of demand in decision making of a firm. 3+8=11
4. (a) What is consumer's equilibrium? Explain how a consumer attains equilibrium with the indifference curve and budget line. 4+8=12
- Or
- (b) Define income effect and substitution effect. Explain how price effect of a commodity is decomposed into income effect and substitution effect. 4+8=12

5. (a) Discuss the law of variable proportions using an appropriate production. At which stage, the producer stops his/her production? 9+2=11

Or

- (b) What is economies of scale? Distinguish between the internal and external economies of scale. 2+9=11

6. (a) Discuss the main features of a perfectly competitive market. Explain how a firm under perfect competition attains equilibrium with normal profit, super-normal profit and loss in the short run. 4+7=11

Or

- (b) What is price discrimination? Discuss the type of price discrimination with examples. Discuss the conditions of price discrimination. 2+6+3=11

7. (a) Define monopolistic competition. Discuss the price-output determination under monopolistic competition both in short and long run. 2+9=11

Or

- (b) What is oligopoly? What are its characteristics? What factors cause the emergence of oligopoly? 2+3+6=11
