2 0 2 1

Full Marks : 80

Time : 3 hours

The figures in the right-hand margin indicate marks

Answer **all** questions

1. Answer *all* the questions :　　　　12×1

(a) If a consumer prefers bundle A over B and bundle B over C, then he will also prefer bundle A over C refers to ———— property of consumer preferences.

(b) The marginal rate of substitution measures the absolute value of the ———— of the indifference curve.

(c) An equilibrium which is struck at the horizontal or the vertical axis in indifference curve analysis is called ———— solution.

(d) Change in quantity demanded of a commodity due to change in real income of the consumer caused by change in own price of the commodity is called ————.

(e) Hicks and Allen believed that utility can be measured in ———— numbers.

(f) A set of indifference curves drawn in a graph is called ————.

(g) An isoquant represents all those input combinations which are capable of producing ———— level of output.

(h) In Cobb-Douglas production function, elasticity of factor substitution is equal to ————.

(i) Law of variable proportion comes under ———— run production function.

(j) If a firm is a price taker, its marginal revenue is ————.

(k) If LMC = MR = AR = Minimum LAC, which gives ———— production.

(l) The point of marginal cost at which it is equal to minimum average cost will determine ———— curve of the firm in the long-run.

2. Answer *any eight* questions, each within 2 or 3 sentences :　　　　8×2

(a) What are consumer preferences?

(b) State the axioms of rational choice.

(c) What is indifference curve?

(d) Define substitution effects.

(e) What is consumer surplus?

(f) Define elasticity of demand.

(g) Define isoquant map.

(h) What is return to scale?

(i) What is marginal revenue?

(j) What is input demand?

3. Answer *any eight* questions, each within 75 words : 8×3

(a) Write a short note on Cobb-Douglas utility function.

(b) Differentiate between increase and extension in demand.

(c) Differentiate between cross elasticity and income elasticity of demand.

(d) What are economies of scale?

(e) Write a note on linear production function.

(f) What is meant by fixed or supplementary cost?

(g) What is expansion path?

(h) Write a short note on ridge lines.

(i) Derive two conditions of profit maximization. Use simple derivative.

(j) Write a note on the behavior of a profit maximizing firm.

4. Answer *all* questions, each within 500 words : 4×7

(a) Explain how to construct indifference map from utility function.

Or

Explain the concepts of consumer preferences and utility along with its axioms.

(b) Distinguish between Hicks and Slutsky method of decomposition of price effect into income effect and substitution effect.

Or

Explain how an individual's demand curve is derived from utility function.

(e) What is marginal rate of technical substitution? Explain diminishing marginal rate of substitution.

Or

What is elasticity of substitution? State its economic implications.

(d) The long-run total cost of production is the least possible cost of producing any given level of output when all inputs are variable. Explain.

Or

Explain how input demand is related to profit maximization.

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