Sl. No. 5209A

UPC: 2274001003
Course: G. E. : Economics
Paper Name: Principles of Microeconomics
Semester: II

Duration: 3 Hours Maximum Mark: 90

Answer five questions. All questions carry equal marks.

Questions

1. Define production possibility curve. Use production possibility curve to explain (i) increasing opportunity cost, (ii) decreasing opportunity cost and (iii) constant opportunity cost? (6,12)
2. Explain the law of diminishing marginal utility and equi-marginal utility. Derive demand curve of a good by using the concept of utility? (9,9)
3. What are the features of perfect competition? Explain the efficiency of a perfectly competitive market? (9,9)
4. (i) What will happen to equilibrium price and quantity of the good in the market if there is fall in input price accompanied by similar fall in price of the substitute good? Analyze. (iii) What is meant by the terms "uniqueness" and "stability" of market equilibrium of a good under perfect competition? (9,9)
5. Derive the long run average curve from the short run cost curves. Why is it shaped "U"? (9,9)
6. What do price consumption curve and income consumption curve indicate? Derive demand curve of a good from indifference curve? (9,9)
7. State and explain the law of variable proportions? (18)