B.A. (Honours) Examination, 2016

Semester-I

Economics

Course – 1.1.4.P.1 (Subsidiary)

(Microeconomics-I)

Time: 3 Hours **Full Marks: 40**

Questions are of value as indicated in the margin.

Answer question no. **1** and ***any two*** from the rest.

1. Answer ***any one*** of the following:

   (i) Explain what you understand by Total product, Average product and marginal product. What is the relation between the three? 6+2

   (ii) In a two-good economy, explain the effects of a price change of one good on its demand. 8

   (iii) What is the difference between short run and long run? In this context show the relationship between average cost and marginal cost in the short run preferably using diagrams. 2+6

2. Define and distinguish between Inferior goods, Normal goods and Giffen goods. Define and explain the price elasticity of demand and income elasticity of demand in this context. 8+8

3. (a) In the short run, derive the average total cost in terms of average variable and average fixed cost. Explain the shape of the average fixed cost in the short run. 2+6

   (b) Explain and show how the long run average cost curve is an envelope of all short run average cost curves. 8

4. With the help of indifference curve and budget line show how a consumer reaches equilibrium in consumption. Explain the properties of the indifference curve. 10+6

5. (a) Define an isoquant and describe its properties.

   (b) Using isocost lines along with isoquants show how a producer maximizes his output with a given cost. 6+10