Questions Bank

2019-20

PRINCIPALS OF MICRO ECONOMICS-1
SEM-I B.A PROG.

1. Show the effect of a change in price and income on a budget line using appropriate diagram.
2. Distinguish between income elasticity and cross elasticity of demand.
3. Elasticity on a straight line demand curve varies from zero to infinity.
4. Find price elasticity of supply if price of rice rises from Rs.20 to Rs.40 per kg and supply increases from 20 kg to 42kg in a month.
5. Explain the difference between return to a factor and returns to scale.
6. What are the determinants of market supply curve? How does the change in these determinants make the movement along the supply and shift in the supply curve?
7. Discuss the total outlay and proportionate methods of measuring price elasticity of demand.
8. From the market scheduled for mangoes given below, calculate price elasticity of demand if price falls from 50 per kg to 20 per kg;

S.N.	Price per kg	Qty.demand kg
A	60	20
B	50	25
C	40	32
D	30	40
E	20	54

9. What are the features of perfect competition? Explain.

10. What is shut down point? Explain it with suitable diagram. `

11. Derive long run supply curve of an increasing cost industry in a competitive market.

12. Explain the short run and long run equilibrium of a firm under perfect competition.

13. Derive short supply curve of a perfectively competitive firm.

14. Consumer surplus and producer surplus.

15. Explain the law of diminishing marginal utility and derive consumers demand curve on the basis of the law.

16. What is an indifference curve? Discuss the properties of indifference curve.

17. Using indifference curve, explain the income effect and substitution effect of a change in price of an inferior commodity.

18. Explain price consumption curve and derivation of demand curve in case of giffen goods.

19. Explain the law of variable propitiations using suitable diagram for the relation between total product, marginal product and average product.

20. Calculate total variable cost, average fixed cost and marginal cost from the following data.

Output	Total cost
0	150
1	170
2	186
3	195
4	214
5	245
6	300

21. What are the characteristic of perfect competition? Explain the equilibrium condition of a firm under perfect competition in the short run and in the long run.

22. Write short notes on any two of the following ;

(a) Economies of scale

(b) Price ceiling policy and black marketing

(c) Returns to scale

(d)Allocative efficiency under perfect competition

23. What is a production possibility curve? Explain how this curve point up the attainable and non attainable combination of output, efficient uses of resources and growth in production capacity

24. What are the determinants of market demand curve? How does the change in these determinants make the movement along the demand and shift in the demand curve?

25. What would be the shape of indifference curve in the following case?

(1) One good is a bad

(2) One good is a neutral

(3) Good that is not consumed

(4) X and Y are perfect complements

26. Explain least cost combination of the firm with the help of isoquants and isocost lines.

27. From the following data on production cost ,calculate total variable cost, average variable cost ,average fixed cost , marginal cost and average total cost :

Output (units)	Total cost (Rs.)
0	500
10	600
20	650
30	690
50	800

100	1150
150	1600
200	2150
250	2825

28. Derive short run supply curve for the firm in a competitive market.
29. “In a perfect competitive market structure, a firm suffer losses or make profits only in short-run equilibrium but not in long -run equilibrium” Describe this statement.
30. Write short notes on any two of the following:

    (a)Envelop curve

    (b) Price ceiling and Rent control

    (c) Inferior goods and Giffen goods

    (d) Diseconomies of scale