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63/2 (SEM-1) ECO 1-1

2021

(held in 2022)

ECONOMICS

(Theory Paper)

Paper : ECO-1-1

(Micro Economics – I)

Full Marks – 80

Time – Three hours

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

1. Answer the following questions (within 50 words
each) : 2×4=8

- (a) What does market signalling mean ?
- (b) What happen if two indifference curves intersect ?
- (c) What Ray's identity ?
- (d) What is Expected value ?

[Turn over

2. Answer the following questions (within 100 words each): $5 \times 4 = 20$

(a) Explain with diagram why does a normal indifference curve's shape is convex to the origin?

(b) Derive demand curve through indifference curve analysis.

(c) Define Elasticity of substitution. When Elasticity of substitution is 0 and α what will be the shape of isoquants?

(d) Explain how does a single product firm reach its equilibrium position?

3. Answer any two of the following questions: $10 \times 2 = 20$

(a) Explain the Cobb-Douglas Production Function. Give a comparative analysis between Cobb-Douglas and CES Production Function. $5 + 5 = 10$

(b) What is risk? Explain diagrammatically why different person's attitude towards risk is different? $2 + 8 = 10$

(c) Asymmetric information create lemon problem in market. Explain.

(d) What is production function? Derive cost function from production function.

4. Answer the following questions: $16 \times 2 = 32$

(a) Explain the Revealed preference theory. Show how existence of IC can be proved from revealed preference approach. $10 + 6 = 16$

Or

(b) What is linear expenditure system? Using a suitable utility function, illustrate the process of derivation of the system. $6 + 10 = 16$

(c) Explain indirect utility function. By using indirect utility function derive Marshallian Demand function. $5 + 11 = 16$

Or

(d) Critically explain Cournot's Duopoly Model. 16