

B.Sc. Semester-II Examination, 2022-23**ECONOMICS [Honours]**

Course ID : 21611

Course Code : SH/ECO/201/C-3

Course Title : Intermediate Microeconomics-I

Time : 2 Hours

Full Marks : 40

*The figures in the right-hand margin indicate marks.**Candidates are required to give their answers in their own words as far as practicable.*1. Answer any **five** of the following questions:

2×5=10

- Define Substitute and Complementary goods.
- Derive the relationship among AR, MR and price elasticity of demand.
- If MU_x / MU_y is constant, what will be the shape of indifference curve?
- What is expansion path? Write down the equation of expansion path.
- What is compensating variation?
- What is product exhaustion theorem?

- Distinguish between cost function and cost equation.
- What is Income Consumption Curve (ICC)? Why ICC always start from the origin?

2. Answer any **four** of the following questions:

5×4=20

- What is demand curve? Show that two parallel demand curves at a given price have different price elasticity, but at different prices have same price elasticity of demand. 2+3
- What is substitution effect? Explain the condition under which Hicks and Slutsky substitution effect gives the same result. 2+3
- Define income consumption curve(ICC) and price consumption curve(PCC). Derive the shape of ICC in case of normal goods. 3+2
- What is price elasticity of demand? Derive the relationship between price elasticity of demand and total expenditure or the total revenue of the firm. 2+3
- What is the shape of average fixed cost? Discuss the relationship between average cost and marginal cost. 2+3

f) What do you mean by 'Homogeneous' production function? Derive the basic properties of homogeneous production function. 2+3

3. Answer any **one** of the following questions:

10×1=10

a) State and explain the assumptions of Marshallian demand theory. Derive concept of equi-marginal utility in terms of this theory. 4+6

b) What is law of variable proportion? What is the economic zone of production for a firm in the short run? 2+8
