

QP Code: 22/PT/11/VI

**POST-GRADUATE COURSE**

**Term End Examination — June, 2022/December, 2022**

**ECONOMICS**

**Paper-VI : MICROECONOMIC THEORY**

Time : 2 hours ]

[ Full Marks : 50

Weightage of Marks : 80%

**Special credit will be given for precise and correct answer. Marks will be deducted for spelling mistakes, untidiness and illegible handwriting.**

**The figures in the margin indicate full marks.**

**Use of scientific calculator is strictly prohibited.**

1. Answer any *four* of the following questions :  $2\frac{1}{2} \times 4 = 10$
- a) What is a budget line ?
  - b) Define an isoquant.
  - c) Write down the form of the CES production function.
  - d) What is a two-person zero-sum game ?
  - e) Distinguish between partial equilibrium and general equilibrium.
  - f) What do you mean by asymmetric information ?
2. Answer any *four* of the following questions :  $5 \times 4 = 20$
- a) How will the budget line of a consumer shift if the price of only one commodity changes, other things being the same ?
  - b) Show that under Cobb-Douglas production function, the elasticity of factor substitution is equal to unity.
  - c) Show that there is no supply curve under monopoly.

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- d) What are the characteristics of perfect competition ?
  - e) Elaborate the concept of Bergson frontier.
  - f) Discuss the policy of peak-load pricing.
3. Answer any *two* of the following questions : 10 × 2 = 20
- a) Discuss, with the help of indifference curves, how a consumer will allocate his given amount of money on two goods.
  - b) Show how a price-discriminating monopolist will determine price and output in two sub-markets.
  - c) Discuss Baumol's sales maximisation hypothesis and show that profit-maximising output will be less than the sales-maximising output.
  - d) Discuss the problems of existence, uniqueness and stability of equilibrium in terms of demand-supply diagrams.

