

2020-21
Time - 3 hours
Full Marks – 80

*Answer all groups as per instructions.
Figures in the right hand margin indicate marks.
Candidates are required to answer
in their own words as far as practicable.*

Group-A

1. Answer all questions or fill in blanks as required. [1x12]
- a) Completeness, transitivity and _____ are the axioms of rational choice.
 - b) Slope of the budget line is _____.
 - c) Who is the founder of general demand function?
 - d) Consumer surplus is the difference between _____ and actual pay.
 - e) What is the shape of long run average cost function?
 - f) Marginal product can be positive, zero or negative but average product is never _____.
 - g) In the long run production functions, all the factors of production are _____.
 - h) In Cobb-Douglas production function, when $\alpha + \beta > 1$, then there are _____ returns to scale.
 - i) SMC cuts always SAC at the minimum point of _____.
 - j) What is the shape of marginal revenue under price taking firm?
 - k) What is utility maximization?
 - l) Define profit function.

Group-B

2. Answer any eight of the following questions within two or three sentences each. [2x8]

- a) What do you mean by a demand curve?
- b) Define utility?
- c) What do you mean by income effect?
- d) Define consumer's surplus.
- e) Define Isoquant.
- f) What do you mean by production function?
- g) What do you mean by short run costs?
- h) Define marginal cost.
- i) What is the formula of marginal rate of technical substitution between labour and capital?
- j) How to get marginal productivity from total production function?

GROUP-C

3. Write notes on any eight of the followings within 75 words: [3x8]
- a) State the axioms of rational choice.
 - b) Briefly explain the different properties of expenditure function.
 - c) What is consumer surplus?
 - d) What is price effect?
 - e) Briefly explain price consumption curve?
 - f) How is an extension in demand different from an increase in demand?
 - g) Write a short note on properties of the isoquants.
 - h) Write a note on linear production function.
 - i) Briefly state the two conditions of profit maximization.
 - j) Write the properties of profit functions.

GROUP- D

4. Answer any four questions within 500 words each. [7x4]
- a) Draw distinction between Hicksian and Slutsky's substitution effect of price change.

- b) Explain that price effect is a combination of income effect and substitution effect. Point out its significance for demand law.
- c) What are the three stages of returns in the law of diminishing returns? Why does production increase at an increasing rate in the initial stage?
- d) Distinguish between short-run and long-run cost curve. Why is long-run cost curve flatter than the short-run cost curve?
- e) Examine the profit maximization hypothesis of the firm and discuss the conditions associated with it.
- f) What is profit function? What are its properties?
- g) Explain the utility maximization through expenditure minimization principle with diagram.
- h) Explain how a lump-sum tax has more welfare impact compared to a specific tax?
