

STELLA MARIS COLLEGE (AUTONOMOUS), CHENNAI – 86
(For Candidates admitted during the academic year 2010 – 2011)

SUBJECT CODE: 11EC/MC/ME14

B.A. DEGREE EXAMINATION NOVEMBER 2011
BRANCH IV – ECONOMICS
FIRST SEMESTER

COURSE : MAJOR – CORE
PAPER : MICRO ECONOMICS - I
TIME : 3 HOURS

MAX. MARKS: 100

SECTION – A

ANSWER ALL TEN QUESTIONS. EACH ANSWER NOT TO EXCEED 50 WORDS
(10x2=20)

1. Distinguish between price and income elasticity of demand.
2. Differentiate between natural and market price.
3. Explain the law of demand. List out its determinants.
4. Let the demand function be $D = 50 - \alpha P$, when $\alpha = 2$, determine demand when $P_1 = 20$ and $P_2 = 10$.
5. Bring out the difference between short run and long run costs.
6. Explain the reasons behind increasing returns.
7. State the equilibrium conditions for a firm under perfect competition in the long run.
8. Bring out the relationship between Total cost, Average cost, Average variable cost and Marginal cost in the short run.
9. Explain the term Monopoly power.
10. What is Bilateral Monopoly?

SECTION – B

ANSWER ANY FIVE QUESTIONS. EACH ANSWER NOT TO EXCEED 300 WORDS
(5x8=40)

11. Divide the price effect into income and substitution effects for a normal and inferior good with the help of indifference curves.
12. Explain cross elasticity of demand. Explain its significance in Business Economics.
13. What are the salient features of Monopoly?
14. Relate marginal utility with law of demand. Bring out the limitations of cardinal utility analysis.
15. How is price determined under perfect competition at the industry level?
16. On the basis of the buyers and sellers classify market structure with suitable examples.
17. Bring out the relationship between Average revenue, Marginal revenue and elasticity of demand.

SECTION – C

ANSWER ANY TWO QUESTIONS. EACH ANSWER NOT TO EXCEED 1200 WORDS (2x20=40)

18. State and explain the determinants of demand for a commodity.
19. What is price discrimination? How is price determined under various degrees of price discrimination?
20. Explain increasing, constant and diminishing returns to scale with the help of Iso-quants. Bring out the reasons behind each type of returns.
21. Explain the law of equi-marginal utility and bring out its practical significance.
