

- (b) Diseconomies of Scale  
(c) Shut Down Point of a Competitive Firm  
(d) Price Discrimination (5×3)

(200)

[This question paper contains 4 printed pages.]

Your Roll No.....

Sr. No. of Question Paper : 2062

Unique Paper Code : 61018311

Name of the Paper : (GEC-3.3) Principles of  
MicroeconomicsName of the Course : B. VOC. (CBCS) (Banking,  
Financial Services &  
Insurance) (2018)

Semester : III

Duration : 3 Hours

Maximum Marks : 75

**Instructions for Candidates**

1. Write your Roll No. on the top immediately on receipt of this question paper.
2. Attempt Five questions in all.
3. All questions carry equal marks.

1. (a) Distinguish between :

(i) Arc and Point Elasticity of Demand

P.T.O.

8/12/18 (B)

- (ii) Price Elasticity of Demand and Income Elasticity of Demand (4,4)
- (b) Explain the Total Expenditure Method to calculate the Price Elasticity of Demand. (7)
2. (a) Define Price Consumption Curve (PCC). Using the PCC derive the Demand Curve in the case of Giffen Goods. (1+5)
- (b) Explain Consumer's Equilibrium with the help of Indifference Curves. (9)
3. (a) Explain how Elasticity of Demand for a Factor is related to
- (i) The Ease of Factor Substitution
- (ii) Proportion of Total Cost
- (iii) Price Elasticity of Demand for the product (2.5×3)
- (b) Explain the Law of Variable Proportions. (7.5)
4. (a) Explain Producer's Equilibrium with the help of Isoquants. (8)
- (b) Define Allocative Inefficiency under Monopoly. Also, Show it diagrammatically. (7)

5. Explain the term Economic Rent. Why does economic rent arise? Under what conditions a factor of production does not earn economic rent? (15)
6. (a) Compute the equilibrium Market Price and Quantity for the following Demand and Supply Schedules :
- Demand Schedule :  $Q_D = 300 - 20P$
- Supply Schedule :  $Q_S = 20P - 100$  (5)
- (b) Why is the short run average cost curve U-Shaped? (5)
- (c) Define Business Cost, Opportunity Cost and Social Cost. (5)
7. (a) What is Firm's equilibrium? How is it achieved under Perfect Competition? (5)
- (b) Distinguish between Monopolistic Competition and Monopoly. (5)
- (c) The Monopolist is a Price Maker - Elaborate. (5)
8. Write Short notes on ANY Three of the following :
- (a) Indifference Curve if two goods are perfect substitutes