

This question paper contains 20 printed pages]

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S. No. of Question Paper : 3311

Unique Paper Code : 2271402

F-6

Name of the Paper : Microeconomics-II

Name of the Course : B.A. (Honours) Economics

Semester : IV

Duration : Three Hours

Maximum Marks : 75

(Write your Roll No. on the top immediately on receipt of this question paper.)

(इस प्रश्न-पत्र के मिलते ही ऊपर दिए गए निर्धारित स्थान पर अपना अनुक्रमांक लिखिए ।)

Note : Answers may be written in Hindi or English; but the same medium should be used throughout the paper.

टिप्पणी : इस प्रश्न-पत्र का उत्तर अंग्रेजी या हिन्दी किसी एक भाषा में दीजिए; लेकिन सभी उत्तरों का माध्यम एक ही होना चाहिए ।

Do three questions from Part A and two from Part B.

Use of simple calculator is allowed.

कोई तीन प्रश्नों का उत्तर भाग 'अ' से और कोई दो प्रश्नों का

उत्तर भाग 'ब' से दीजिए।

साधारण कैलकुलेटर का प्रयोग अनुमोदित है।

Part A

(भाग 'अ')

1. (a) Aman and Bala trade meat and cheese in a pure exchange economy. Aman has 4 kg meat and no cheese. Bala has 4 kg cheese and no meat. Aman is completely indifferent between meat and cheese. Bala always consumes these goods in a fixed proportion 1 : 1.

P.T.O.

- (i) Compute the perfectly competitive equilibrium consumption bundles and price ratio for this economy.
- (ii) Draw an Edgeworth box to illustrate the above preferences, endowments, final allocations and the locus of Pareto Optimal allocations.
- (iii) How does the equilibrium price ratio change when the proportion in which Bala consumes the two goods changes to 2 : 1 ? 6
- (b) In a general equilibrium model of production, two goods X and Y are being produced with two homogeneous factor inputs L and K. The endowments of factor inputs are given 200 labour hours and 100 capital hours. The production functions for the two goods are given as

$$X = \min (L_X, 2K_X) \text{ and } Y = \min (L_Y, 2K_Y)$$

- (i) Trace the locus of technically efficient allocations of K and L for producing X and Y in an Edgeworth box diagram.
- (ii) Plot the production possibility frontier (PPF) of this economy, using a suitable diagram.
- (iii) What reasons can you suggest about the shape of the PPF obtained in (ii).
- (iv) What should be the price ratio of the goods and the marginal rate of substitution between them (assuming all consumers have well behaved and identical