

63/1 (SEM-1) GE1/COMHG1016

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(Held in 2023)

COMMERCE

Paper : COMHG1016

(**Principle of Microeconomics**)

Full Marks : 80

Pass Marks : 32

Time : 3 hours

*The figures in the margin indicate full marks
for the questions*

1. Choose the correct option from the following :

1×6=6

- (a) If supply is fixed, then market price is determined by
- (i) demand
 - (ii) supply
 - (iii) income
 - (iv) cost of production
- (b) The shape of the demand curve faced by a firm under perfect competition is
- (i) vertical
 - (ii) horizontal
 - (iii) positively sloped
 - (iv) negatively sloped

- (c) Which of the following is a characteristic where monopolistic competition is market situation?
- Freedom of entry into and exit from the industry
 - Differentiation product
 - A large number of firms
 - All of the above
- (d) The demand curve faced by a monopolistic firm is
- elastic
 - unit elastic
 - perfect elastic
 - inelastic
- (e) Marginal revenue is equal to price for which one of the following types of the market structure?
- Perfect competition
 - Monopolistic competition
 - Monopoly
 - Oligopoly
- (f) Total Cost (TC) is equal to Fixed Cost (FC) plus
- Marginal Cost (MC)
 - Variable Cost (VC)
 - Average Cost (AC)
 - None of the above

2. Answer the following in brief : $2 \times 5 = 10$
- What is the difference between fixed cost and variable cost?
 - What is meant by expansion path?
 - Write two assumptions of perfect competition.
 - What do you mean by economies of scale?
 - What is price discrimination?
3. Answer any six of the following : $5 \times 6 = 30$
- Write a short note on 'economic region of production'.
 - Discuss the properties of indifference curve.
 - Show the relationship between AR and MR under conditions of monopoly.
 - Distinguish between social and private costs of production.
 - Mention the important features of oligopoly.
 - State the characteristics of monopolistic competition.
 - Explain price elasticity of demand.

- (h) Under what conditions firms are said to be in perfect competition? Explain.
- (i) Explain the consumer's surplus with the help of diagram.
4. Answer any *two* of the following : $10 \times 2 = 20$
- (a) What is indifference curve? Show, with the help of indifference curve, how a consumer attains equilibrium. $3 + 7 = 10$
- (b) Distinguish between isoquant and isocost. Explain producer's equilibrium with the help of isoquants. $4 + 6 = 10$
- (c) Explain price and output determination under monopoly market. $5 + 5 = 10$
5. Answer any *one* of the following : 14
- (a) What is perfect competition? What are its assumptions? Explain the short-run equilibrium of a firm and industry in a perfectly competitive market. $2 + 4 + 8 = 14$
- (b) What is an oligopoly market? Mention the different types of oligopoly market. Explain the price and output determination process under price leadership in oligopoly. $2 + 4 + 8 = 14$

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