LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

**B.A.** DEGREE EXAMINATION – **ECONOMICS**

FIRST SEMESTER – NOVEMBER 2012

# EC 1500 - MICRO ECONOMICS - I

Date : 08/11/2012 Dept. No. Max. : 100 Marks

Time : 1:00 - 4:00

**PART- A**

**Answer any FIVE** **question not exceeding 75 words each**: (**5x4=20)**

1. State the central economic problems of an economy.
2. What is opportunity cost? How does it affect social choice?
3. Distinguish between point and arc elasticity of demand.
4. Write the various factors which determine demand for a commodity.
5. Compare total product to marginal product.
6. Why does isoquant slope downwards?
7. Distinguish i) perishable and durable commodity ii) production cost and selling cost**.**

**PART – B**

**Answer any FOUR questions in about 300 words each: (4x10=40)**

1. Justify whether Economics is Positive or Normative study.
2. What are the factors determining the supply of goods?
3. Explain the concept of income elasticity. Define necessities and luxuries on the basis of income elasticity of demand.
4. Explain the basic properties of indifference curve.
5. What is budget line? What does its intercept on X-axis and Y-axis show?
6. Describe how price is determined under perfect competition.
7. How does monopolistically competitive firm determine the optimal amount of selling cost?

**PART- C**

**Answer any TWO question not exceeding 900 words**  **(2x20=40)**

1. Compare indifference curve analysis with Marshallian cardinal utility analysis.
2. What are the characteristic features of Monopoly? Explain how price is determined under Monopoly diagrammatically.
3. Explain law of diminishing returns in detail. Illustrate with the help of diagrams.
4. What is Kinked demand curve? How does it help in explaining price rigidity under oligopoly?

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