

**LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034**

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

**FIRST SEMESTER – NOVEMBER 2015**

**EC 1500 - MICRO ECONOMICS - I**

Date : 11/09/2015  
Time : 01:00-04:00

Dept. No.

Max. : 100 Marks

**PART – A**

Answer any FIVE questions not exceeding 75 words each. (5x4=20 marks)

1. Define 'Economic Theory'.
2. State the assumptions of Law of Demand.
3. State the limitations of cardinal utility analysis.
4. Distinguish between micro and macro economics.
5. What do you mean by Production Function?
6. What is meant by market Period?
7. What is meant by product differentiation?

**PART – B**

Answer any FOUR questions in about 300 words each. (4x10 =40 marks)

8. Briefly explain the nature of economics laws.
9. Bring out the limitations of price mechanism in a competitive economy?
10. Bring out in brief the properties of Indifference Curves.
11. Briefly explain the law of returns to Scale.
12. What is an Isoproduct Curve?
13. Why should long period Normal Price should be equal to minimum average costs in the industry?
14. Explain the main features of Monopolistic Competition.

**PART – C**

Answer any TWO questions in about 900 words each. (2 x 20 = 40 marks)

15. Explain the concept of Price Elasticity of Demand and examine the various methods of its measurement.
16. Differentiate between income effect and substitution effect caused by the changes in the price of a commodity.
17. Discuss the nature of the short run and long run average cost curves. Why is the long run cost curve flatter than the short run cost curve?
18. State and show in diagrams the conditions of long run equilibrium of firm and industry under perfect competition.

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