

2019

B.Sc.

3rd Semester Examination

ECONOMICS

(Honours)

Paper - C 5-T

Full Marks : 60

Time : 3 Hours

*The figures in the margin indicate full marks.
Candidates are required to give their answers
in their own words as far as practicable.*

GROUP-A

1. Answer any *ten* questions. : 10×2=20
- (a) What is homogeneous production function? 2
 - (b) What is lexicographic preference? 2
 - (c) What is law of variable proportions? 2
 - (d) What is equivalent variation? 2
 - (e) When does labor supply curve become horizontal.

- (f) What is saddle point? 2
- (g) Define completeness axiom of preference? 2
- (h) What is quasi-convexity? 2
- (i) What is economics of scale? 2
- (j) What is derived demand? 2
- (k) What is Euler's Theorem? 2
- (l) Write down the condition of risk aversion for a consumer? 2
- (m) What is elasticity of substitution? 2
- (n) What is internal economies of scale? 2
- (o) What is marginal revenue product? 2

GROUP-B

2. Answer any *four* questions. : 4×5=20

- (a) Distinguish between the Hicks approach and the Slutsky approach to the analysis of the effects of a change in the relative price of a commodity. 5

- (b) How does a producer minimize its cost of production with respect to a given output level. 5
- (c) What is discriminating monopoly? How does monopolist set the price when he knows the consumers' reservation price? 5
- (d) Derive the industry supply curve in a perfectly competitive market for an increasing cost industry. 5
- (e) Show that the labour supply curve for an individual can be derived from his work-leisure choice and comment on the slope of this labour supply curve. 5
- (f) State and prove the product exhaustion theorem, clearly stating its assumptions. 5

GROUP-C

3. Answer any *two* questions : $2 \times 10 = 20$

- (a) Explain the revealed preference approach to the theory of consumer behaviour, indicating the underlying axioms. Is this approach better

[Turn Over]

than the indifference curve approach for explaining the law of demand? Explain with reasons. 7+3

- (b) Distinguish between 'returns to scale' & 'diminishing returns'? How does return to scale impact expansion path of a firm? 10
- (c) What is inter temporal consumption function? How does an individual optimize his consumption decision over time with respect to a life time budget constraint? 10
- (d) What is Cobb-Douglas production function? State the properties of Cobb-Douglas production function for two inputs. Prove that the expansion path is a straight line for this production function. 2+4+4
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