



**DEPARTMENT OF ECONOMICS  
NAMBOL L. SANOI COLLEGE, NAMBOL**

**Question Bank (2016- 2019)**

**ECO: SE 22 (Microeconomics I)**

**Unit 1**

**A. Very short answer: 3 marks**

1. What is an economic theory? (2016)
2. What is an economic model? (2017)
3. Why does a demand curve slope downwards from the left to the right? (2017)
4. State the law of demand. (2018)
5. Prepare a market demand schedule and represent it with a diagram. (2019)
6. Why does supply curve slope upward? (2019)

**B. Short answers. 5 marks.**

1. Why does a demand curve slope downward from left to right? (2016)
2. Distinguish between extension and contraction in demand with the help of diagrams. (2017)
3. What are the difference between monopoly and perfect competition? (2017)
4. Distinguish between competitive and non competitive market. (2018)
5. Distinguish between positive analysis and normative analysis. (2019)

**C. Essay type questions:**

1. Discuss the importance of the study of microeconomics. (2016) , (2017), (2019)
2. What is meant by market in economics? Explain the changes in market equilibrium with the help of a diagram. 3+9=12 (2016)
3. Distinguish between positive and normative economics. Should economics be purely positive? 8+4=12 (2017)
4. Discuss the role of market mechanism in a free enterprise economy. 12 (2018)
5. What is meant by market in economics? Explain the changes in market equilibrium with the help of a diagram. 4+8=12 (2018)

6. What is an economic model? Discuss the nature of economic models giving examples.  $4+8=12$  (2019)

## UNIT II

### A. Very short answer: 3 marks

1. Write three exceptions of the law of diminishing marginal utility. (2016)
2. Explain briefly income effect and price effect in demand with the help of diagrams. (2017)
3. Write three assumptions of revealed preference theory. (2018)
4. What is marginal cost? How is it calculated? (2019)

### B. Short answer: 5 marks

1. Prepare a hypothetical table of total revenue and marginal revenue and also represent it with a diagram. (2016)
2. Write any two factors affecting elasticity of demand. (2018)
3. State the relationship between average revenue, marginal revenue, total revenue and price elasticity of demand. (2019)

### C. Essay type

1. Explain the consumers equilibrium with the help of the indifference curve analysis. Show how it is affected by a change in the price of a commodity,  $6+6=12$  (2016)
2. Discuss clearly the law of maximum satisfaction. 12 (2016)
3. State and explain the law of equi- marginal utility with the help of a table. 12 (2017)
4. Discuss the Samuelson's fundamental theorem of demand with the help of a diagram. 12 (2017)
5. State and explain the law of diminishing marginal utility with the help of a diagram. Mention the limitations of the law.  $8+4=12$  (2018)
6. Explain consumer's equilibrium in terms of indifference curve analysis. 12 (2018)
7. State and explain the principle of equi- marginal utility. How does it explain consumer's equilibrium?  $6+6=12$  (2019)
8. State the assumptions of the revealed preference hypothesis and explain how the law of demand is derived from these assumptions.  $6+6=12$  (2019)

### UNIT III

#### A. Very short answer: 3 marks

1. What do you mean by producer's equilibrium? (2016)
2. What is implicit cost? (2017)
3. What is returns to a factor? (2018)

#### B. Short answer : 5 marks

1. Distinguish between returns to a variable factor and returns to scale. (2016)
2. Explain internal economies of scale. (2017)
3. Mention the various internal economies of large-scale production of a firm. (2019)

#### C. Essay type:

1. What is production function? Analyse the impact of technological progress upon the production function. 3+9=12 (2016), (2018)
2. Discuss the various internal and external economies of scale. 6+6=12 (2016)
3. State and explain the law of variable proportion with the help of diagram. 4+8=12 (2017)
4. Why short run average cost curve is usually 'U' shaped? 12 (2017, 2019)
5. What is meant by economies of scale? Discuss the various economies of large –scale production. 4+8=12 (2018)
6. Explain clearly the different stages of the law of variable proportions with the help of a diagram. (2019)

### UNIT IV

#### A. Very short answer: 3 marks

1. Write the main conditions for the equilibrium of a firm. (2017)
2. What is discriminating monopoly? (2017)
3. What is meant by equilibrium of a firm? (2018)
4. What is market period? (2019)

**B. Short answer: 5 marks**

1. Explain briefly how a firm under perfect competition attains equilibrium in the market period. (2016)
2. What is meant by equilibrium of a firm? Explain briefly the necessary conditions of a firm's equilibrium. (2019)

**D. Essays type: 12 marks**

1. Explain the equilibrium of the firm and industry in the short run under perfect competition. 12 (2016)
2. Give the main features of monopoly. Discuss the short-run equilibrium under monopoly.  $4+8=12$  (2016)
3. What are the characteristics of perfect competition? How is the price of a commodity determined under perfect competition?  $6+6=12$  (2017)
4. Give any four main features of perfect completion. Explain the impact of time element upon the price determination of a commodity.  $4+8=12$  (2018)
5. Discuss the determination of price and output under monopoly. 12 (2018)
6. How are price and output determined under monopoly? Show that under monopoly price is higher than that under perfect competition.  $6+6=12$  (2019)
7. Discuss the long run equilibrium of the firm and industry under perfect competition and also under different cost conditions.  $6+6=12$  (2019)

**UNIT V**

**A. Very short answers: 3 marks**

1. Write three factors determining 'Reserve Price'. (2016)
2. What are the principal forms of price discrimination? (2016)
3. Point out three main features of monopolistic competition. (2018)
4. State the principal form of price discrimination. (2019)

**B. Short answer: 5 marks**

1. State the duopoly mode of Cournot. (2016)

2. Explain briefly factors leading to oligopoly. (2017)
3. Distinguish clearly between normal price and market price. (2018)
4. Explain any two forms of price discrimination. (2018)
5. Distinguish between selling costs and production costs with examples. (2019)

**C. Essay type:**

1. What is a monopolistic competition? Explain a firm's equilibrium under monopolistic competition. 4+8=12 (2016)
2. Discuss the kinked demand curve model of oligopoly and show, how this model is able to explain the phenomenon of price rigidity under oligopoly. 6+6=12 (2016)
3. What are selling costs? How do they influence demand for a product? 6+6=12 (2017)
4. Explain the price-output determination under oligopoly with kinked demand curve model. 12 (2017, 2019))
5. What is meant by product differentiation? How does product differentiation affect demand of a commodity? 3+9=12 (2018)
6. Explain how the oligopoly problem is solved with the help of Cournot's model. 12 (2018)
7. Explain the price discrimination under monopolistic competition with suitable diagram. 12 (2019)