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4 (Sem-1/CBCS) MICE/ISM

2021

(Held in 2022)

MICROECONOMICS

(Honours Generic)

Answer the Questions from any one Option.

OPTION-A

Paper : COM-HG-1016

Full Marks : 80

Time : Three hours

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

1. (A) Answer the following questions : 1×5=5
- (i) What do you mean by isocost line ?
 - (ii) Define cartel.
 - (iii) Define imperfect competition.
 - (iv) What is meant by economies of scale ?

Contd.

- (v) What is opportunity cost ?
- (B) Choose the correct answer : $1 \times 5 = 5$
- (i) In perfect competition, a firm maximizes profit in the short run by deciding
- (a) how much output to produce
 - (b) whether or not to enter a market
 - (c) what price to charge
 - (d) how much capital to use
- (ii) The elasticity of the demand for a durable good is
- (a) zero
 - (b) equal to unity
 - (c) greater than unity
 - (d) less than unity
- (iii) As the degree of product differentiation increases among the products sold in a monopolistically competitive industry, which of the following occurs ?
- (a) The cost of production falls
 - (b) The amount of marketing expenditures decreases for each firm

- (c) The demand curve for each seller's product becomes more horizontal
 - (d) Each seller's demand becomes more inelastic
- (iv) The value of marginal product is calculated by multiplying the _____ by the _____.
- (a) marginal product; price of the product
 - (b) quantity of labour; wage rate
 - (c) wage; price of the product
 - (d) total product; wage rate
- (v) Moving along an indifference curve the
- (a) consumers prefer some of the consumption points to others
 - (b) marginal rate of substitution for a good increase as more of the good is consumed
 - (c) marginal rate of substitution is constant
 - (d) consumers do not prefer one consumption point to another

2. Answer the following questions : $2 \times 5 = 10$

- (a) Mention *any two* properties of indifference curve.
- (b) What do you mean by consumer's equilibrium ?
- (c) Define normal price.
- (d) What are the *two* important factors affecting price elasticity of demand ?
- (e) State the relationship between average revenue (AR) and marginal revenue (MR) in imperfect competition market.

3. Answer *any four* questions of the following : $5 \times 4 = 20$

- (a) Write short notes on :
 - (i) Indifference curve
 - (ii) Engel curve
- (b) Distinguish between short-run and long-run cost of production.
- (c) Discuss the economic region of production.
- (d) Explain the concept of price leadership.

- (e) Mention the characteristics of monopolistic competition.
- (f) What are the factors that determine income elasticity of demand ?

4. Answer the following questions :

10×4=40

- (a) What is monopolistic competition ? Discuss how price output is determined under monopolistic competition.

Or

Compare the impact of cash subsidy and kind subsidy with the help of indifference curve analysis. Which subsidy results greater welfare of the consumers ?

- (b) What is perfect competition ? Explain the equilibrium of the firm and industry in the short run and long run under perfect competition.

Or

Critically explain Cournot's duopoly model.

- (c) Define income effect. Explain the shape of price consumption curve for inferior good.

Or

What is price effect ? Explain the shape of price consumption curve for normal good.

- (d) What is price discrimination ? Explain the degrees of price discrimination under monopoly market.

Or

What is production function ? Explain various types of production function with proper diagrams.

OPTION-B

Paper : COM-HG-1026

(*Investing in Stock Markets*)

Full Marks : 80

Time : Three hours

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

1. Choose the most suitable option for the following : 1×10=10
 - (a) An investor can acquire equity shares
 - (i) from secondary market only
 - (ii) from through primary market and secondary market
 - (iii) from money market
 - (iv) from primary market only
 - (b) Stock symbol is also known as 'Ticker symbol'.
(Write whether the statement is true or false)
 - (c) Who is the regulatory authority of Indian stock market ?
 - (i) RBI
 - (ii) SEBI

- (iii) Ministry of Finance, GOI
 - (iv) IRDA
- (d) Liquidity ratio is expressed in
- (i) pure ratio form
 - (ii) percentage
 - (iii) rate of time
 - (iv) None of the above
- (e) Order to buy/sell stocks at a specific price or better is called limit order.
(Write whether the statement is true or false)
- (f) Credit Rating Agencies (CRAs) are one of the participants in Indian capital market.
(Write whether the statement is true or false)
- (g) Which of the following features is not associated with the open-ended mutual fund ?
- (i) It has a fixed maturity period
 - (ii) The investors can subscribe to their fund at any time
 - (iii) It provides prompt liquidity to investors
 - (iv) The investors have an option to redeem their holding at any time

(h) Initial Public Offer (IPO) is an offering of fresh issue of shares by a listed company.

(Write whether the statement is true or false)

(i) CRISIL stands for

(i) Credit Rating Information Services of India limited

(ii) Credit Rating Investment Services of India limited

(iii) Credit Rating Investor Services of India limited

(iv) None of the above

(j) Who are participants in the derivative market ?

(i) Speculators

(ii) Hedgers

(iii) Arbitrageurs

(iv) All of the above

2. Answer the following questions in about **50** words each : 2×5=10

(a) Give the meaning of equity shares.

(b) What is earning per share (EPS) ? Explain briefly.

- (c) Define mutual funds.
- (d) Give the meaning of price band.
- (e) What is meant by 'stock quote' ?

3. Answer **any four** questions of the following in about **150** words each : $5 \times 4 = 20$

- (a) What is meant by a stock exchange ? Explain its features.
- (b) Explain the meaning of cash flow statement.

Or

Describe the importance of NAV for an investor.

- (c) Give the meaning of bond and explain its characteristics.
- (d) Explain the procedure of opening Demat and Trading Account through online mode.
- (e) Distinguish between 'open ended' and 'close ended' mutual funds.
- (f) Briefly explain about the participants in derivative market.

Or

Distinguish between futures and forward contracts.

4. Answer the following questions in about **600** words each : $10 \times 4 = 40$

(a) Discuss in detail about the functions of securities market. 10

Or

Explain briefly about different types of stock orders and their advantages.

10

(b) Who are brokers ? Discuss the steps involved in online trading of securities.

$2+8=10$

Or

Write a detailed note on different types of fund schemes. Also examine their suitability for investors. $6+4=10$

(c) Who are the major participants in Indian securities market ? Explain briefly. 10

Or

What are different types of risks associated with investment ? Differentiate between systematic and unsystematic risk. $6+4=10$

- (d) Explain the meaning of derivative instrument and its different forms. Also state the advantages of derivatives. $6+4=10$

Or

Write brief notes on the following : $5+5=10$

- (i) MCX
(ii) Currency derivative
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