<table>
<thead>
<tr>
<th>Unique Paper Code</th>
<th>62271101</th>
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<tr>
<td>Name of the Paper</td>
<td>Principles of Microeconomics-I</td>
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<tr>
<td>Scheme/Mode of Examinations</td>
<td>C B C S Semester – I (Admission of 2019)</td>
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<td>Name of the Course</td>
<td>B A (Prog.) Core</td>
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<td>Semester</td>
<td>I</td>
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<td>Duration</td>
<td>3.00 hours</td>
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<td>Maximum Marks</td>
<td>75 Marks</td>
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**INSTRUCTIONS FOR CANDIDATES:**

1. Answer any FOUR questions.
2. ALL questions carry equal marks.
3. Answer may be written in English or Hindi but the same medium should be followed throughout the paper.

**छात्रों के लिए निर्देश**

1. किन्हीं चार प्रश्नों का उत्तर दीजिए।
2. सभी प्रश्नों के अंक समान हैं।
3. इस प्रश्न पत्र का उत्तर अंग्रेजी या हिंदी किसी एक भाषा में दीजिए, लेकिन सभी उत्तरों का माध्यम एक ही होना चाहिए।
1. (a) Describe production possibility curve. Describe the effect of economic growth on this curve.
(b) What is price mechanism? What is the effect on equilibrium price due to an improvement in the technology to produce the commodity? Use suitable diagrams.

2. (a) Drawing proper diagram, find the equilibrium price and quantity of a commodity for the given demand and supply functions:
   \[
   D = 140 - 3P \\
   S = 5P - 20.
   \]

(b) Describe consumer surplus at an equilibrium price. Explain the effect on consumer surplus when there is (i) rightward shift in the demand curve and (ii) leftward shift in the supply curve. Use suitable diagrams.

3. (a) Distinguish between elasticity of demand and elasticity of supply. What are the determinants of price elasticity of demand?
(b) The demand of a commodity X decreases from 130 units to 90 units due to decrease in price of the commodity from Rs. 30 to Rs. 25. Calculate price elasticity of demand using average method. Comment on the nature of the commodity.

4. (a) Describe the derivation of price consumption curve (PCC) and income consumption curve (ICC) using indifference curve techniques for a normal commodity.
(b) Decompose the price effect into income effect and substitution effect for a normal commodity x when its price decreases. Use suitable diagram.

5. (a) Distinguish between returns to a factor and returns to scale.
(b) Using relevant diagrams in each case, explain the relationship between the followings:
   (i) Total Cost (TC) and Average Cost (AC)
   (ii) Marginal cost (MC) and Total Variable Cost (TVC)
   (iii) Total Fixed Cost (TFC) and Average Fixed Cost (AFC).

6. (a) Allocative efficiency is found in perfect competition. Elaborate.
(b) Using suitable diagram, describe the equilibrium condition of a constant cost industry under perfect competition. 

(a) आवंटन दक्षता पूर्ण प्रतियोगिता में पाई जाती है। विस्तार से बताईये।

(b) समुचित चित्र का प्रयोग करते हुए पूर्ण प्रतियोगिता के अंतर्गत एक स्थिर लागत उद्योग की संतुलन स्थिति का वर्णन करें।