



Chhatrapati Shahu Ji Maharaj
University, Kanpur

Answer Script Details
Barcode 3932350

Roll No. 24023000043
Total Mark 68/75.00

Exam MASTER OF ARTS_ODD EXAM-DEC-24
Subject A080701T - MICRO ECONOMIC ANALYSIS - I

Question wise Mark Summary

Q.No Mark Q.No Mark Q.No Mark Q.No Mark

1A 4/5 8 NA/15

1B 4/5 9 NA/15

1C 5/5

1D 4/5

1E 5/5

1F 5/5

1G 5/5

1H 4/5

1I 4/5

2 14/15

3 NA/15

4A NA/5

4B NA/5

4C NA/5

5 NA/15

6 NA/15

7 14/15

Chhatrapati Shahu Ji Maharaj University Kanpur, Uttar Pradesh

PART-I

Date of Exam: 17/12/24 Start: 8:30 - Room No: 228

Paper Code: A080701T Subject: Micro Economic Analysis - I

Name of Candidate: Shreya Yadav

Roll No: 24023000043

Signature of Candidate: *Shreya*
Signature of Investigator: *NS*
CSE Facilitator: *Mamul*

PART-II

MARKS OBTAINED										
Q.	1	2	3	4	5	6	7	8	9	10
(a)										
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Total										
Total Marks in Figures							Max. Marks			
Total Marks in Words										

Paper Code

Signature of Evaluator

PART-III

Course: Master of Arts (Economics)
Session: 2024-25 Year: Semester I
Subject: Micro Economic Analysis - I

College Code: EW004

Exam Centre Code: EW004

Type of Exam: Regular Ex-Student

E	W	0	0	4
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ANSWER BOOKLET NO. **3932350**

Paper Code: **A080701T**

Paper Code: **A080701T**

Exam Date: **17122024**

Name of Candidate: **SHREYA YADAV**

ANSWER BOOKLET NO. **3932350**

Paper Code: **A080701T**

PART-IV

Enrollment Number: **C S J M A 2 4 0 0 0 0 6 3 5 5 3**

Candidate's Roll Number: **24023000043**

Paper Code: **A080701T**

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9	0	1	2	3	4	5	6

Signature of Candidate: *Shreya*

Signature of Investigator: *Shreya*

C S Facilitator: *Shreya*

INSTRUCTIONS TO THE CANDIDATE FOR FILLING PART-I

1. Read the instructions carefully given on the answer script and admit card.
2. Write Date of Exam, Shift, Paper Code & Name of Subject Correctly.
3. Write Name & Roll No. Correctly.
4. Write Semester & Branch Correctly.

INSTRUCTIONS TO THE CANDIDATE FOR FILLING PART-II

1. Use blue or black ball point pen for writing alphabets & numerals in Boxes.
2. Carefully study the example before you start marking.
3. As shown in the example below blacken the circles completely.



4. Make no Stray marks on this sheet.
5. **DO NOT WRITE OR MARK ON THE BAR CODE.**

IN ORDER TO AVOID UFM (UNFAIR MEANS):

1. The Roll No. and Answer Book no. found elsewhere or any other symbol found in the answer book will be treated as unfair means.
2. Any tempering of Bar Code and Booklet no shall be treated as Unfair Means.
3. Do Not bring the materials like slip of paper/mobile/digital diaries/ study material/ revision notes in examination hall. Possession of the mobiles/ digital diaries/ electronic watch and any other electronic gadget except memory less scientific calculator shall be considered as UFM case.
4. Do not keep or paste currency note in answer script it shall be consider as UFM.

अनुचित साधन से बचने हेतु:

1. उत्तर पुस्तिका के निर्देशित स्थान को छोड़कर अनुक्रमांक एवं उत्तरपुस्तिका का क्रमांक कहीं और न लिखें तथा कोई भी चिह्न न बनाएँ क्योंकि यह अनुचित साधन प्रयोग की परिधि में आता है।
2. उत्तर पुस्तिका के बारकोड अथवा उत्तर पुस्तिका संख्या पर छेद करने पर अनुचित साधन प्रयोग माना जायेगा।
3. परीक्षा कक्ष में निम्न वस्तुएं साथ न लाये, जैसे लिखे हुए कागज के टुकड़े, मोबाइल, डिजिटल कायरी, कोपी, पुस्तक यह सभी वस्तुएं जो अनुचित साधन के अन्तर्गत आती है। केवल संबंधित प्रश्नपत्र में ही मेमोरी लेस साइटिफिक कैल्कुलेटर ले जाने की अनुमति होगी।
4. उत्तर पुस्तिकाओं में रूपये न रखें न ही उत्तर पुस्तिका में शिफ्टकार्ड। ऐसा करना अनुचित साधन प्रयोग की परिधि में आता है।

परीक्षार्थी के लिए निर्देश

1. प्रवेश पत्र एवं उत्तर पुस्तिका पर दिये गये निर्देशों को ध्यान से पढ़ें।
2. कवर पृष्ठ के दूसरी तरफ कुछ न लिखें।
3. उत्तर पुस्तिका के पृष्ठों पर दोनों तरफ लिखें।
4. प्रश्न पत्र पर अपने अनुक्रमांक के अतिरिक्त कुछ न लिखें।
5. प्रश्न पत्र कोड एवं प्रश्न पत्र कोड सावधानी पूर्वक लिखें।
6. अपनी स्थिति स्पष्ट लिखें।
7. उत्तर पुस्तिका के पृष्ठों की संख्या देखें। अगर उत्तर पुस्तिका में पृष्ठ (1-24) से कम है या फटे हुए हैं, तो परीक्षा शुरू होने के पूर्व दूसरी उत्तर पुस्तिका लें।
8. प्रश्नपत्र को देख, यदि प्रश्नपत्र के विषय कोड, विषय का नाम तथा प्रश्न में कोई त्रुटि है तो उसके परीक्षा शुरू होने के 30 मिनट के अन्दर कक्षा निरीक्षक को तत्काल सूचित करें, उसके बाद विश्वविद्यालय द्वारा कोई कार्यवाही नहीं की जायेगी।
9. प्रश्नों के उत्तर लिखने के लिये पैसिल का प्रयोग न करें।
10. B कोपी या अतिरिक्त ग्राफ नहीं दिया जायेगा।

INSTRUCTIONS TO THE CANDIDATE

1. Read the instructions carefully given on the Question Paper, Admit Card & Answer Script.
2. Do not write anything on back side of the cover page.
3. Write on both sides of pages of answer book.
4. Do not write anything on question paper except Roll Number.
5. Write Paper Code & Question Paper Id carefully.
6. CHECK the number of pages (1-32) or any other kind of damage in your answer script, if found than change the answer script immediately before the commencement of examination.
7. CHECK the Question Paper for any kind of discrepancy e.g. Subject Code, Subject Name and Question of the Question Paper during first THIRTY MINUTES of the commencement of the exam, so that it can be corrected in TIME. After that no corrections shall be entertained by the university.
8. Do not use pencil for answering the question.
9. Write status correctly e.g. those appearing in carry over papers should fill in status as Carry Over. Those appearing as Ex-Students should fill in status as ex.
10. No supplementary answer book & graph paper will be provided.

INSTRUCTIONS TO THE CANDIDATE FOR FILLING PART-IV

1. Use blue or black ball point pen for writing alphabets & numerals in Boxes.
2. Use blue or black ball point pen for filling the circles.

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8	8	●	8	8	8	8	8	8	8	8
9	9	9	9	9	9	9	9	9	9	●

Note - If your Roll No. is of 10 digits. Please leave first three columns.



Section A

Question 1(A)

Q1) A) Influencing demand in Economics refers to the situation when the demand in the market (perfect competitive market or oligopolistic market) influences the other constant factors such as the interest rates, the supply of the product. For example, the increase in interest rates of the capital adversely impacts the demand of the product in the market. An increase in interest rate would further result in lower demand of the capital. On the other hand a decrease in interest rate would result in increased demand of the capital. This shows the inverse relationship between the interest rate and the demand. On the other hand, it can also be viewed in a way that the demand too has a huge influence over the interest rates. When the demand is high interest rates tends to increase of that particular capital. When the demand tends to exceed the int supply of the capital, the interest rate shoots high. There are various other factors that influences the demand, that goes alongside the demand influencing the pricing targets in the duopoly and the perfectly competitive market.



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Question 1(B)

The law of Demand in economics states that the quantity demanded in the market of goods and services, either in a perfectly competitive market or in monopolistic market equals to the or is dependent on the income of the consumer. The income of the consumer decides whether the consumer would be able to buy a good or would be able to buy more of that good. The income and the pricing of the good decide the quantity of the good that the consumer consumes. The law of demand states that when the price will be high that is., with the increase in price there would be a decrease in the demand and with the decrease in price there would be an increase in the quantity demanded of that good and services.

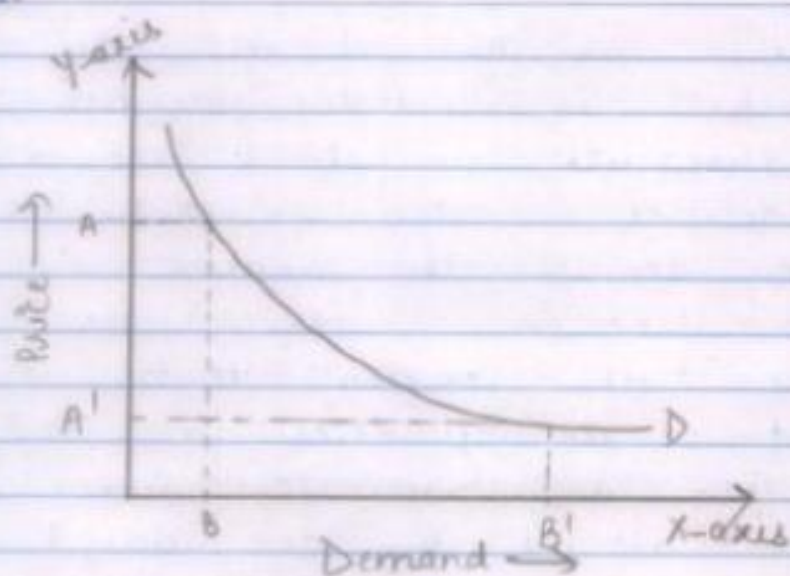
The assumptions of the law of Demand are as follows-

(1) The income is considered as



constant.

(2) There is either a rise or fall in the price.



In, the above graph the demand is represented on the x-axis and price on y-axis. As price increases the demand decreases & vice-versa.

~~Question (C)~~





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Question 1(D)

Cost Function :-

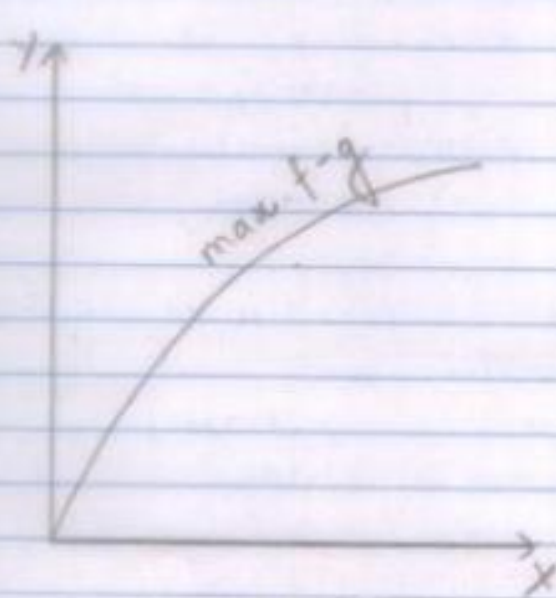
Cost function in case of either of the three markets i.e. perfectly competitive market, duopolistic market & oligopolistic market depends on the quantity that the firm decides to produce i.e. the cost function of the firm depends on the output that the firm decides to produce at the given time and at the given price (cost decided by the firm). The cost function therefore refers to the cost incurred during the production of that goods & services of the firm. The cost function plays a role of the deciding factor while calculating the pricing strategy i.e. it directly and in some markets indirectly influencing the final price of the product.

Production function :-

Production function in economics refers to the goods and services



that are produced in an economy. It discusses the quantity of goods and services that a firm produces or are produced by the firm at a given time. The production function of the firm is decided based on various factors. For example in oligopolistic firm, the firms are competing based on the outputs produced i.e. in oligopolistic markets, the firms decide the output they produce and compete on the basis of the output they produce.

Cost funⁿProduct Funⁿ



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Question 1(E)

The Price Leadership Model in Economics refers to the model in economy that talks about how the pricing affects the leadership of the firm. Broadly, discussing the model it states the firm the is more powerful or has higher market share sets the standard price of the goods and services produced and the other firms starts following the same price set for the same or identical products produced by the other firms. While discussing the Price Leadership Model, broadly it can be divided further into three different types of model.

Powerful

(1) Leading firm Price leadership Model:-

In this model there is usually a very powerful firm in the market that sets the price for the produced goods and services and other firms in the market producing homogeneous products, follows that price set by the dominating firm. Therefore this model is



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also referred to as the Dominant Firm Price leadership model.

2) Barometric Model:-

In this model the firm decides the price of the goods and services produced based on the market anatomy, i.e. the one firm that is too responsive to the current market trends of that particular time sets the price and the other firms decide to follow the price pre-set.

3) Collusive Model:-

In this type of model, the firms producing homogeneous (identical) goods and services in the market discuss the pricing strategy and then mutually decide the standard price of the products.



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Question 1 (A)

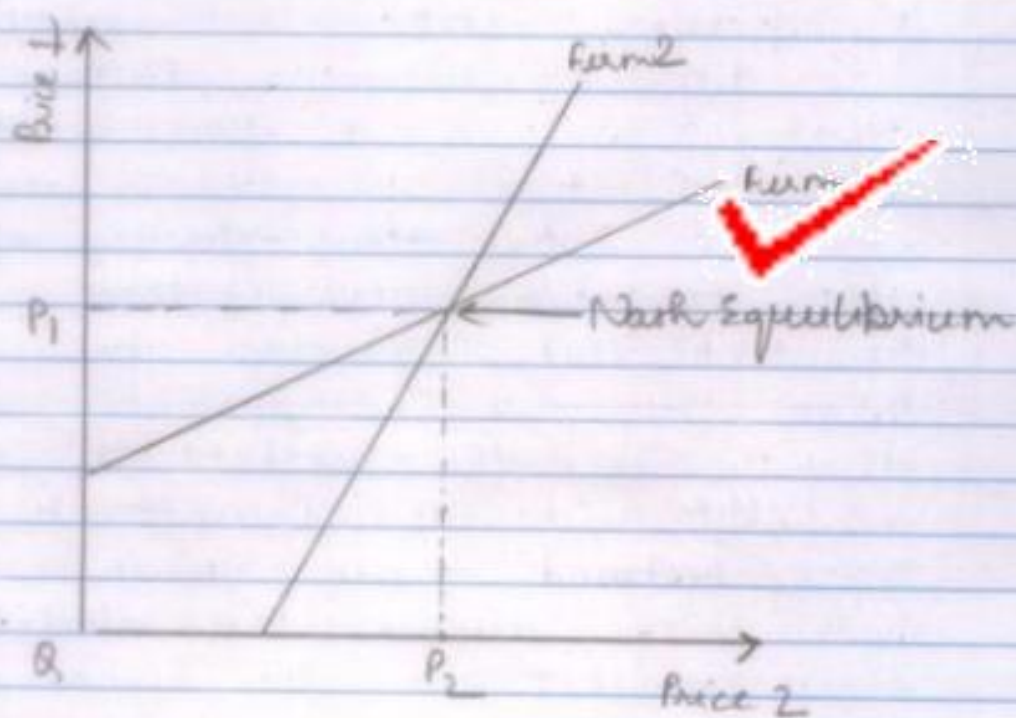
Bertrand's Model :-

Bertrand's Model in the economy was introduced by Joseph Bertrand in 1883. This model is the fundamental model when we talk about pricing strategy in the market. Unlike the Cournot's Model that was given by Sir A.A. Cournot in 1838, where the firms compete on outputs, in Bertrand's Model the firms compete over the price. Therefore this model gives a huge insight on the pricing dynamics and how firms compete in the market based on price. ✓ It decides the fact that competing over price comes out to be comparatively more competitive over competing over output (quantity of the outputs produced).

Bertrand's Model discusses how when the firms decide to compete and the deciding factor is price, then it results in perfect competition of the firms in the market.



In Bertrand's model the firm begins with no quantity restriction i.e. there is no limitations to production capacity. But the firm after producing the products decides the price of the product based on the production capacity and the market demand curve. The market demand curve shows the clear graph of the goods and services demand. And with higher demand of that particular goods and services there is definitely an increase in the price of products. The consumer hereby makes the choice to buy from the firm with lower price.





Answer 1 (G)

The concept of oligopoly in economy refers to the structure of the market where there is one firm that holds the power of being the only firm producing a heterogeneous goods and services. In the concept of oligopoly there cannot be many firms producing the homogeneous (identical) goods and services. If there are firms that produce identical products then in this case, it violates the basis of the oligopoly. ✓ economy, there are basically three types of situations created in market i.e. perfectly competitive, duopoly & oligopoly. Therefore a firm with one single type of product and at the same time having no other competition from the firms producing identical products forms the situation of oligopoly in the market. Various economist like A.A. Cournot & Joseph Bertrand have given models to discuss this oligopolistic nature market in the economy.



Question 1 (H)

Return to scale-

While the scaling of the price of price of the product is done especially by the entrepreneur during the time of launching a good or service, the future returns on it decide whether the firm would consider further investment in that product or not. In an entrepreneurship the leader take the risk while analysing the market trends and sometimes even without uncertainty. If the price they've decided for their goods and services does not give them any ~~value~~ in the near future, then the investment is considered as a failed investment and the ~~the~~ goods are therefore labelled as barren since they could not outgrow the investment and didn't add to the return that was expected of them at the time of scaling. This could lead to the failed entrepreneurship. In this case if the return to scale fails the further capital investment could not be considered.



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Question I(I)

The Dynamic Theory of Profit -

The are various theories of profit existing in the market like the uncertainty theory and the risk theory. One of them is the Dynamic Theory of profit which states that there are various different dynamics present that could alter profit. Like in the uncertainty theory the leader of a firm invests with no future calculations since there are no preferences available to draw conclusion from. So they invest with absolute no future graphs drawn. In the case of risk theory, the leader of the firm invests in the product (goods & services) with pre conclusions drawn from the past market trends.

Section - BQuestion-2

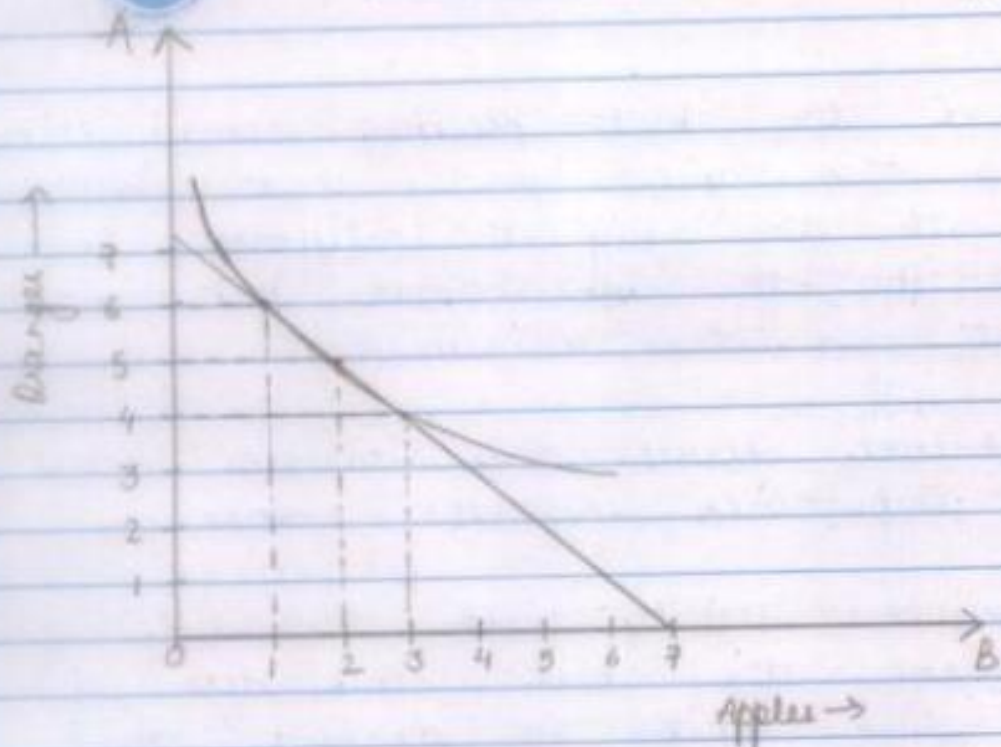
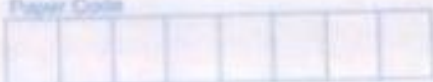
Indifference Curve in economics is the curve that shows the status of supply and demand in the market. It also considers the fact that in the market the demand is highly influenced by the income of an individual. The price of the product also determines the demand of the product in the market. The price and the income are the two deciding factors in the economy for the demand of goods and services. The influence income will have on the goods demanded or consumed also varies with difference in the types of goods. The change in demand and supply of the goods and services further reflects a change in the indifference curve. If the income rises then the capacity of the consumer to afford more goods increases. The consumer then would buy more of such goods. But given the condition that it is a normal good. In case of giffen goods, an increase in the price would lead to a decrease in that one good since the consumer would prefer a higher quality good.



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Given the income of the consumer, and the budget that it has, the best combination of two goods that it can afford would drive the indifference curve. In the graph of indifference curve, it is evident that the consumer wants the best possible consumption of the two given goods. The quantity of both the goods that the consumer would choose depends, either more of first & less of second or more of second good and less of other good, the consumer is not indifferent of the either quantity of the goods since in the end the combination that the consumer gets is of highest optimal efficiency. In example there are combinations of apples and oranges in the graph. Either the consumer opt for 3 apples and 4 oranges or 2 apples and 5 oranges, the final optimal efficiency would still be the highest in either of the cases.



Apples	3	2	1
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Oranges	4	5	6
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Let Apples be X and Oranges be Y & B be the Final Budget

Mathematically,

$$3X + 4Y = 7B$$

$$2X + 5Y = 7B$$

$$1X + 6Y = 7B$$



In either of the three situations, the indifference of the mutual quantity of the good chosen, it does not surpass the budget constraint that is the budget line at the same time giving the highest indifference curve.




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Therefore the best possible combination of the two given goods that would lead to the highest indifference curve would be the ~~the~~ optimal potential output for the consumer.

Indifference curve has various uses and importance in the economy -

- (1.) Maximizes utility: With the help of indifference the best combination of the two units is derived which further maximizes the utility of the consumer.
- (2.) Welfare Analysis:  various analysis for the welfare schemes can be drawn with the visualization of the indifference curve.

~~(3.)~~ Indifference curve technique is considered superior over utility analysis because firstly through indifference curve the particular number analysis is avoided and ~~the~~ through indifference curve technique a more accurate conclusion can be drawn of the best possible outcome through the graph without the need of number figure.



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When the indifference curve is farther from the point of origin, it shows the maximum consumption of the best possible outcome.





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Section C

Question - 8

In economy for the exchange of goods and services is a perfectly formed space for supply and demand is needed. Therefore, with different given conditions there are given market structures that runs through the economy.

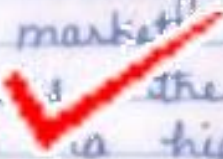
Different market structures -

Based on the terms that the given market competes with the other market, the economic market is broadly classified into three different types of market. The way the different markets compete based on output desired, price management, production capacity the market are divided. A different market structure is much needed when there are different firms producing homogeneous (identical) as well as heterogeneous (different) goods and services. The market structure decides the supply and demand of the goods and services in the economy.



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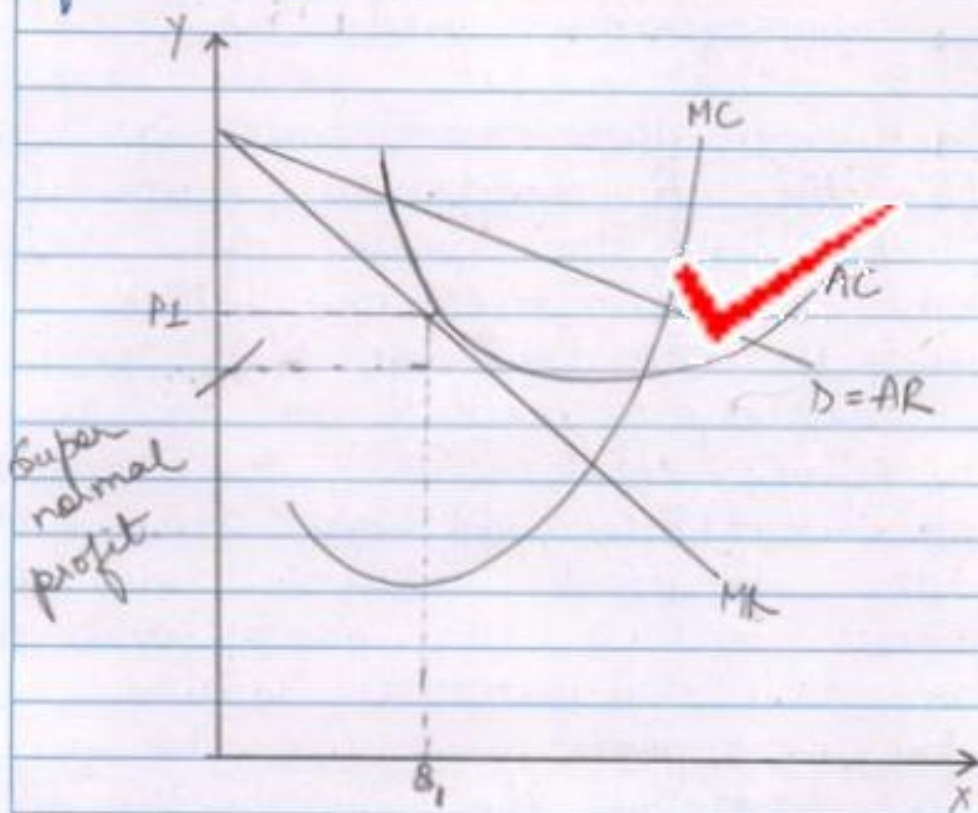
The first and broadly classified structure is the Oligopolistic Monopolistic Market structure. In a ~~mono~~ monopolistic market there are not many identical or similar firms competing each other. Monopoly means one single firm in the market producing homogeneous goods and no other firms in the market comes near to the producing firm or creates a competition. The ~~of~~ monopolistic firm decides the quantity of the goods they produce and since there are no ~~given~~ competition of the existing firm since it is a monopolistic market, so the single producing firm decides  the price itself. It can lead to a high price. But since the targetted consumers are bound to ~~produce~~ consume the good, and there are no close substitutes available of the product / goods or service because of being a part of the monopolistic market therefore the existing consumer is bound to buy the good & services produced irrespective of the higher price. Also the absence of any other close substitute that could ~~of~~ give the consumer an option to shift, drives the consumer to be further bound to the monopolistic



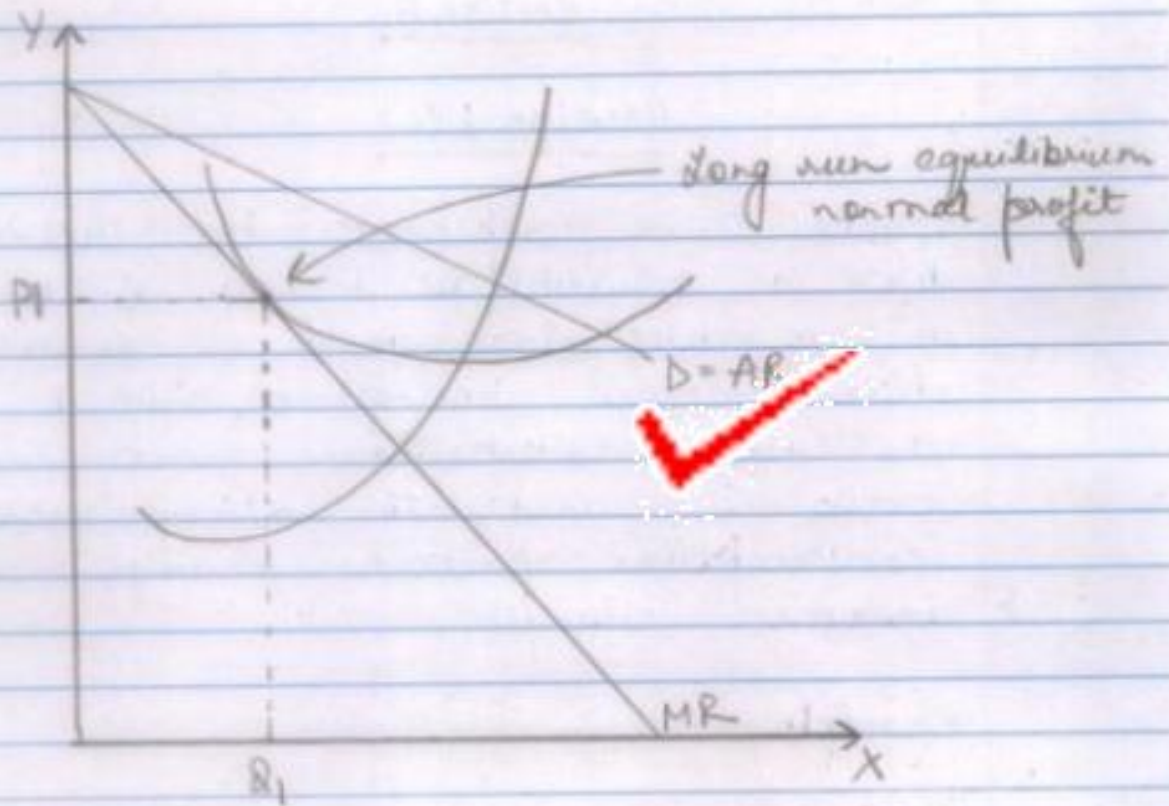
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market. since there is no other competition of the existing leading firms, and there is only one firm present that is meeting the demands of the consumer, it is a single firm market.



• Monopolistic Competition in Short Run Graph.



• Monopolistic Competition in
Long Run Graph.



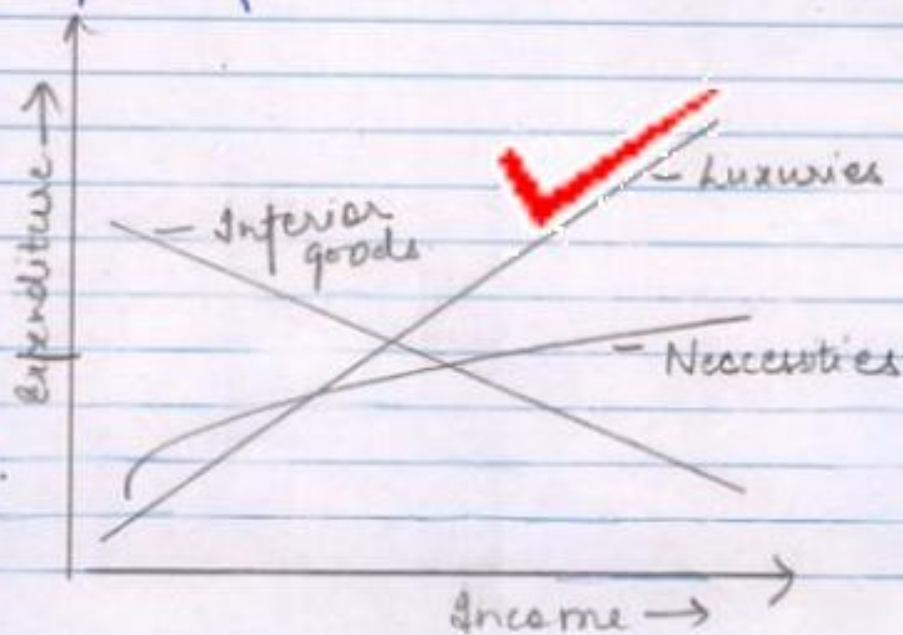
Section A

Question 1 (c)

Engel's Curve represents the relationship b/w a household's income & its expenditure on a particular good or service, holding other factors constant. Named after the German statistician Ernst Engel, the curve is used to study how consumption patterns change as income changes.

Example -

A family earning ₹ 20,000 may spend ₹ 5000 on basic food items (necessity). If their income rises ₹ 40,000, they may spend ₹ 6000 on food (a smaller percentage of their total income.)





Paper Code

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