Continuous Assessment – II

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BA (H) Economics, Semester-3

Paper: Intermediate Microeconomics - I: Behavioural foundations of Market Interactions

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Marks: 15

Answer all questions.

Q.1 For a consumer having:

$$U(x,y) = x + 10y - \left(\tfrac{1}{2}\right)y^2$$

$$P_x = 1 \quad \& \quad P_y = 2$$

$$m = 10$$

(i) Find optimal choice.

(ii) Is it interior solution? (10 Marks)

Q.2 For following cost function find profit maximizing level of output if market price is 3. for a perfectly competitive market. (5 Marks)

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