

2 0 1 8

(CBCS)

(1st Semester)

ECONOMICS

FIRST PAPER

(Microeconomics—I)

Full Marks : 75

Time : 3 hours

(PART : A—OBJECTIVE)

(Marks : 25)

The figures in the margin indicate full marks for the questions

SECTION—A

(Marks : 10)

Tick (✓) the correct answer in the brackets provided :

1×10=10

1. Who wrote the book entitled *the Principles of Economics*?

(a) J. M. Keynes ()

(b) Lionel Robbins ()

(c) Alfred Marshall ()

2. Downwards sloping of the demand curve towards the right indicates that

(a) the relationship between demand and supply is positive ()

(b) MC and MR curves are following with the increase in output ()

(c) the relationship between price and quantity demanded is inverse ()

- 3.** The amount of satisfaction which a person derives from consuming a commodity is known as
- (a) demand for a commodity ()
 - (b) utility of a commodity ()
 - (c) scarcity of a commodity ()
- 4.** The relationship between consumer's income and his money expenditure on a particular good is shown by the
- (a) Engel's curve ()
 - (b) indifference curve ()
 - (c) supply curve ()
- 5.** The changes in output when all factors change in the same proportion is referred to as
- (a) law of variable proportion ()
 - (b) returns to scale ()
 - (c) coefficient of income elasticity ()
- 6.** The marginal cost curve intersects the average cost curve when the average cost is
- (a) minimum ()
 - (b) maximum ()
 - (c) rising ()
- 7.** The condition of monopoly equilibrium occurs at the point where the
- (a) MC cuts MR from above ()
 - (b) MC and MR are parallel to each other ()
 - (c) MC cuts MR from below ()
- 8.** The form of market in which the firm is a 'price taker' is
- (a) monopoly market ()
 - (b) perfect completion ()
 - (c) monopolistic competition ()

9. Monopolistic competition does not include

- (a) homogeneous product ()
- (b) large number of sellers ()
- (c) free entry and exit of firms ()

10. Perfect competition market has a

- (a) horizontal demand curve ()
- (b) vertical demand curve ()
- (c) straight line demand curve ()

SECTION—B

(Marks : 15)

Write short notes on the following :

3×5=15

1. (a) Law of demand

OR

(b) Basic economic problems

2. (a) Distinguish between cardinal utility and ordinal utility

OR

(b) Giffen paradox

3. (a) Production function

OR

(b) Expansion path

4. (a) Price discrimination

OR

(b) Administered prices

5. (a) Monopsony

OR

(b) Oligopoly market

(PART : B—DESCRIPTIVE)

(Marks : 50)

The figures in the margin indicate full marks for the questions

1. (a) Critically discuss the statement, “Economics is a study of mankind in the ordinary business of life.” 10

OR

(b) Briefly discuss the role of price mechanism in solving the basic economic problems.

2. (a) Show how a consumer attains equilibrium under indifference curve analysis. 10

OR

(b) Explain the decomposition of price effect into substitution and income effect using Hicksian method.

3. (a) State and explain the law of variable proportion. 10

OR

(b) Define cost function. What are the different concepts of cost? 2+8=10

4. (a) Explain the short-run equilibrium under perfect competition. 10

OR

(b) Show with suitable diagram, how a monopolist determine price and output in the short-run.

5. (a) Define monopolistic competition. Discuss the important characteristics of monopolistic competition. 3+7=10

OR

(b) Give a diagrammatic explanation of Cournot’s model of duopoly. 10

★ ★ ★