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(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 in 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

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