

**2021**

(CBCS)  
(1<sup>st</sup> Semester)  
**ECONOMICS**

FIRST PAPER  
**[Microeconomics - I]**

*Full Marks: 75*  
*Time: 2 hours*

**INSTRUCTIONS TO CANDIDATES**

(Please read the instructions carefully before you start writing your answers)

1. Questions should be attempted as per instructions.
2. Do not copy the Questions. Indicate the Section and Question No. clearly while attempting the answer.
3. For Multiple choice answers, candidate should indicate the Question No., Sub. No., (if any) and the correct answer. For example :

1. *Name the State capital of Mizoram.*

(a) *Lunglei*

(b) *Aizawl*

(c) *Champhai*

Candidate should provide answer as—Q. No. 1 : (b) *Aizawl*  
[Candidate should avoid writing only (b) ]

4. Section B - Answer to Short Answer should be limited to **One Page** only.
5. The figures in the margin indicate full marks for the questions.

**2021**

(CBCS)  
(1<sup>st</sup> Semester)  
**ECONOMICS**

FIRST PAPER  
**[Microeconomics - I]**

*Full Marks: 75*

*Time: 2 hours*

*The figures in the margin indicate full marks for the questions*

**SECTION : A – OBJECTIVE**

( Marks: 30 )

Choose the correct answer from the following:

1x30=30

1. “Multiplicity of wants and scarcity of means give rise to economic problems”. Who said this?
  - (a) P A Samuelson
  - (b) J M Keynes
  - (c) L Robbins
  - (d) A Marshall
2. An economy where government intervention in the form of control and regulation of economic activities of the people is minimum is called
  - (a) Socialist economy
  - (b) Capitalist economy
  - (c) Mixed economy
  - (d) None of the above
3. At the point where the desires of buyers and sellers will be simultaneously satisfied, the quantity demanded will be \_\_\_\_\_ the quantity supplied
  - (a) Equal to
  - (b) Less than
  - (c) More than
  - (d) None of the above

4. Marshall in his definition of economics:
  - (a) Uses the concept of material welfare
  - (b) Dislikes wealth
  - (c) Accuses Adam Smith
  - (d) Praises Robbins
5. Equilibrium price is also referred to as
  - (a) market – clearing price
  - (b) market – indicating price
  - (c) market – bearing price
  - (d) market – additional price
6. A demand curve slopes downward to the right indicating
  - (a) a positive relationship between price and quantity demanded
  - (b) a direct relationship between price and quantity demanded
  - (c) an inverse relationship between price and quantity demanded
  - (d) an equal relationship between price and quantity demanded
7. An Engel curve shows the relationship between
  - (a) Income and consumption
  - (b) Price and consumption
  - (c) Demand and price
  - (d) Income and demand
8. In case of normal goods, the income effect is
  - (a) Zero
  - (b) Positive
  - (c) Negative
  - (d) Unity
9. The utility derived from the additional unit of a commodity consumed is
  - (a) constant utility
  - (b) total utility
  - (c) marginal utility
  - (d) increasing utility
10. When the coefficient of income elasticity is less than unity ( $E_y < 1$ ), the nature of the goods is
  - (a) Necessity goods
  - (b) Comfort goods
  - (c) Luxury goods
  - (d) Inferior goods

11. The cross elasticity of demand between two complementary goods is
- (a) negative
  - (b) neither positive nor negative
  - (c) positive
  - (d) constant
12. Which of the following is not the property of indifference curve?
- (a) Higher the indifference curves higher the level of satisfaction
  - (b) Indifference curve is downward sloping
  - (c) Indifference curve is concave to origin
  - (d) Two indifference curves cannot intersect each other
13. Convexity of isoquant implies
- (a) Diminishing marginal rate of technical substitution
  - (b) Substitutability between the inputs
  - (c) A given quantity of a commodity can be produced with smaller as well as a larger input – combination
  - (d) None of the above
14. The short run production function is explained with the help of
- (a) law of demand
  - (b) law of supply
  - (c) law of variable proportion
  - (d) law of returns to scale
15. Returns to scale refers to when
- (a) all factors are fixed
  - (b) all factors are variable
  - (c) one factor is fixed and the other is variable
  - (d) there is some change in factor proportions
16. Implicit costs are:
- (a) Equal to total fixed costs.
  - (b) Comprised entirely of variable costs.
  - (c) "Payments" for self-employed resources.
  - (d) Always greater in the short run than in the long run.

17. The line which shows the whole range of combinations of L and K, that can be hired, given the total costs and factor prices is called
- (a) Isocost line
  - (b) Price line
  - (c) Isoquant
  - (d) Ridge line
18. Which is not a fixed cost?
- (a) Monthly rent of Rupees 1,000 contractually specified in a one-year lease
  - (b) An insurance premium of Rupees 5000 per year, paid last month
  - (c) An attorney's retainer of Rupees 50,000 per year
  - (d) A worker's wage of Rupees 100 per hour
19. Which of the following is not a feature of perfect competition?
- (a) Perfect knowledge
  - (b) Differentiated product
  - (c) Many sellers
  - (d) No transport cost
20. Under which form of a market is a firm considered a price taker?
- (a) monopoly
  - (b) monopolistic competition
  - (c) duopoly
  - (d) perfect competition
21. When a seller charges different prices from people of different localities or places, it is called
- (a) Personal price discrimination
  - (b) Local price discrimination
  - (c) Price discrimination according to the use
  - (d) All of the above
22. Under perfect competition, equality between its average revenue and marginal revenue curves implies that the additional quantity of commodity brought in must be sold at
- (a) more than the prevailing price
  - (b) at the prevailing price
  - (c) less than the prevailing price
  - (d) the lowest possible price

23. When a producer sells a commodity in a foreign country at a price that is lower than the price he charges in the domestic market, it is known as
- (a) Perfect price discrimination
  - (b) Monopoly
  - (c) Dumping
  - (d) None of the above
24. For a monopoly firm
- (a) MR curve is equal to AC curve
  - (b) MR curve coincides with AC curve
  - (c) MR curve lies above AR curve
  - (d) MR curve lies below AR curve
25. When there are large number of buyers, large number of sellers with differentiated products, the market is
- (a) Perfect competition
  - (b) Monopoly
  - (c) Monopolistic competition
  - (d) Monopsony
26. The kinked demand curve of an oligopolist shows that despite changes in cost of production
- (a) price and output also changes
  - (b) price and output do not change
  - (c) price increases while output decreases
  - (d) price decreases and output increases
27. Cournot's duopoly model relates to duopoly with
- (a) heterogeneous products
  - (b) homogeneous products
  - (c) differentiated products
  - (d) a single product
28. The market for automobiles is an example of
- (a) monopolistic competition.
  - (b) duopoly.
  - (c) differentiated oligopoly.
  - (d) pure oligopoly

29. Where there is a single buyer of the product, the market is called
- (a) Monopoly
  - (b) Oligopoly
  - (c) Duopoly
  - (d) Monopsony
30. The prices which are arbitrarily fixed by the government are called
- (a) Administered price
  - (b) Equilibrium price
  - (c) Market price
  - (d) Cost price

## **SECTION : B – SHORT ANSWER**

(Marks : 45)

***Answer the following questions in not more than 1 (one) page each, choosing 3 (three) questions from each unit.***

3x15=45

### **UNIT I**

1. Adam Smith's definition of economics.
2. The central problems faced by an economy.
3. State the law of demand and what are its determinants?
4. What do you mean by market equilibrium?

### **UNIT II**

5. Explain the different types of elasticity of demand.
6. Budget Line
7. Giffen Paradox
8. Consumer's equilibrium under indifference curve analysis

### **UNIT III**

9. Law of Variable Proportion
10. Isoquants
11. Give a short diagrammatic explanation of the expansion path
12. Explicit Cost

### **UNIT IV**

13. Perfect competition with its important characteristics.
14. What is monopoly and economic efficiency?
15. Define price discrimination and the degrees of price discrimination?
16. Dumping

### **UNIT V**

17. Monopolistic Competition and its features
18. Briefly explain the Kinked demand curve
19. Duopoly
20. Bilateral Monopoly

\*\*\*\*\* End of Question \*\*\*\*\*