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(Nov/Dec)

ECONOMICS

(Core)

Paper : C-1

(Introductory Microeconomics)

Full Marks : 80

Pass Marks : 32

Time : 3 hours

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

1. Answer the following as directed : $1 \times 8 = 8$

(a) The rational consumers, producers and workers make the optimum choices or decisions on the basis of the _____ principle.

(Fill in the blank)

(2)

- (b) What is rationing?
- (c) The quantity demanded of a Giffen good varies _____ with price.
- (i) indirectly
 - (ii) directly
 - (iii) independently
 - (iv) All of the above
- (Choose the appropriate answer)
- (d) The cross-elasticity of demand estimates the proportionate relationship between
- (i) quantity demanded of a commodity and the price of its related commodity
 - (ii) quantity demanded of a commodity and its price
 - (iii) quantity demanded of a commodity and the income of its purchaser
 - (iv) None of the above
- (Choose the appropriate answer)

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(Continued)

(3)

- (e) For perfect complementarity between two goods X and Y
- (i) MRS_{XY} will be zero
 - (ii) MRS_{YX} will be zero
 - (iii) MRS_{XY} and MRS_{YX} both will be zero
 - (iv) None of the above
- (Choose the appropriate answer)
- (f) With which of the following is the concept of MC closely related to?
- (i) Variable cost
 - (ii) Fixed cost
 - (iii) Opportunity cost
 - (iv) Economic cost
- (Choose the appropriate answer)
- (g) What is antitrust policy?
- (h) When is there imperfect competition in the factor market?
- (i) $VMP = MRP$
 - (ii) $VMP > MRP$
 - (iii) $VMP < MRP$
 - (iv) None of the above
- (Choose the appropriate answer)

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(4)

2. Write short notes on any *four* of the following
(within 150 words each) : $4 \times 4 = 16$

- (a) Goals of macroeconomics
- (b) Individual demand and market demand
- (c) Budget constraint
- (d) Diseconomies of scale
- (e) Shift of input demand curve

Answer the following questions (within 500 words each) :

3. (a) What is microeconomics? Explain the following using suitable diagrams : $2+3+3+4=12$
- (i) Micro-statistics
 - (ii) Micro-comparative statistics
 - (iii) Micro-dynamics

Or

- (b) (i) Examine the role of assumption in model building. 4
- (ii) Write a note on command and free market economic system. 4

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(5)

(iii) Explain the uses of graphs in economics. 4

4. (a) Explain with the proper diagrams, the effect of the following changes on the equilibrium prices and quantity demanded of a commodity : $4+3+4=11$
- (i) Changes in the income of consumer
 - (ii) Equal changes in demand and supply
 - (iii) Unfavourable changes in the taste of buyer of the commodity

Or

- (b) What do you mean by price control? Explain the effect of taxation on consumer surplus, producer surplus and on the efficiency of the market. $3+8=11$

5. (a) Write the assumptions of indifference curve analysis. Explain with the help of indifference curve, how a consumer determines optimal choices. $4+7=11$

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(Turn Over)



(6)

Or

(b) Define income effect and substitution. Explain the income effect in case of normal inferior and Giffen goods with the help of suitable diagram. $2+3+3+3=11$

6. (a) Explain why the short-run AC and long-run AC curves are U-shaped. Why is LAC curve flatter than SAC? Why is LAC curve called as envelope curve?
 $4+4+3=11$

Or

(b) What are the basic objectives of a firm? Discuss how a firm maximizes its profit under perfect competition in short run and long run. $2+9=11$

7. (a) What are the basic characteristics of input market? Explain the derivation of input demand curve—
(i) when a firm employs one variable factor of production;
(ii) when a firm employs two variable inputs of production in short run and long run. $3+4+4=11$

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(Continued)

(7)

Or

(b) What are the firms' profit maximizing condition in input markets? How is equilibrium of a firm determined in the labour market in the short run and long run? $3+8=11$

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