

Total No. of Printed Pages—7

**1 SEM TDC ECOH (CBCS) C 1**

**2 0 1 9**

( December )

**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. Choose the most appropriate answer/  
Answer the following questions : 1×8=8

(a) The problem of scarcity arises, because

- (i) institutional supply of resources are limited
- (ii) man has unlimited wants
- (iii) man has to choose between alternative wants
- (iv) resources are limited relative to wants

- (b) A locus of constant utility is called
- (i) expansion path
  - (ii) revealed preference axiom
  - (iii) indifference curve
  - (iv) demand function
- (c) An example of 'explicit cost' is
- (i) the wages a proprietor could have made by working as an employee of a large firm
  - (ii) the income that could have been earned in alternative uses by the resources owned by the firm
  - (iii) the payment of wages by the firm
  - (iv) the normal profit earned by a firm
- (d) Non-specific factors, which can be put to numerous uses, earn
- (i) a large amount of rent
  - (ii) a small amount of rent

- (iii) no rent
- (iv) None of the above
- (e) Write two methods of microeconomic analysis.
- (f) Write the meaning of derived demand.
- (g) Write one example each of private cost and social cost.
- (h) How does the imposition of a unit tax affect the supply curve of a firm?
2. Write short notes on any *four* of the following (within 150 words each) : 4×4=16
- (a) Opportunity sets
- (b) Applications of price elasticity of demand
- (c) Budget constraint

(d) Monopoly and antitrust policy

(e) Productivity of an input

Answer the following questions :

3. (a) (i) Why is it said that the problem of choice has its root in relative scarcity of resources? Discuss the rationale for studying economics.

3+5=8

- (ii) Explain the general features of economic models.

4

Or

- (b) (i) What are the basic problems of an economic system? Discuss how the basic economic problems are solved in free market and mixed economic systems.

3+5=8

- (ii) Explain the growth and efficiency goals of microeconomics.

4

4. (a) (i) Explain the meaning of shifts in the demand curve and shifts in the supply curve. 3
- (ii) Discuss how prices allocate resources. 4
- (iii) Derive the market demand curve from individual demand curves. 4

Or

- (b) Explain with suitable diagrams the impact of a tax on the following :

$$3\frac{1}{2}+3\frac{1}{2}+4=11$$

- (i) Consumer surplus
- (ii) Producer surplus
- (iii) Efficiency of the markets

5. (a) What is compensating variation in income? Decompose the income and substitution effects from the price effect.

$$3+8=11$$

Or

- (b) (i) Discuss the consumer's optimum choice of consumption with the help of indifference curve technique. 8
- (ii) Illustrate what will happen if two indifference curves intersect each other. 3
6. (a) (i) Explain with total revenue and total cost curves, how a firm attains profit maximizing output. 7
- (ii) Derive the long-run average cost curve from short-run average cost curves. 4

Or

- (b) (i) Explain various economies of scale that a firm experiences when it expands its scale of production. 5
- (ii) Explain with the help of economics and diseconomies of scale, the shape of long-run average cost curve. 6

( 7 )

7. (a) Write a critical note on the marginal productivity theory of distribution. 11

Or

- (b) (i) What are the determinants of input demand curves? Explain the firm's profit-maximizing condition in input markets. 3+5=8
- (ii) Explain how shift in input demand curve occurs. 3

\*\*\*