

Total No. of Printed Pages—7

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

**2 0 2 2**

( 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 : 1×8=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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- (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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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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( Continued )

( 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.  $3+4+4=11$

( 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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