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1 SEM TDC ECOH (CBCS) C 1

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(November)

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 problem of scarcity arises, because

(i) man has unlimited wants

(ii) woman has to choose between
alternative wants

(iii) resources are limited

(iv) resources are limited relative to
wants

(Choose the appropriate answer)

(2)

- (b) Mention any one use of the price elasticity of demand.
- (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) Why does the budget line slope downward?
- (e) What is the shape of the marginal productivity of labour curve?
- (f) A consumer attains equilibrium at
- (i) $\frac{MU_X}{MU_Y} > \frac{P_X}{P_Y}$
 - (ii) $\frac{MU_X}{MU_Y} < \frac{P_X}{P_Y}$
 - (iii) $\frac{MU_X}{MU_Y} = \frac{P_X}{P_Y}$
 - (iv) All of the above
- (Choose the appropriate answer)

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(Continued)

(3)

- (g) Which of the following is not a subject matter of microeconomics?
- (i) Price of a commodity
 - (ii) Price of a factor
 - (iii) Change in the price level of an economy
 - (iv) None of the above
- (Choose the appropriate answer)
- (h) The substitution effect can be measured holding _____ as constant.
- (i) income
 - (ii) utility
 - (iii) the price of goods
 - (iv) All of the above
- (Choose the appropriate answer)

2. Write short notes on any *four* of the following (within 150 words each) : 4×4=16
- (a) Scarcity and choice
 - (b) Controls on prices

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(Turn Over)

(4)

- (c) Consumer preferences
- (d) Fixed costs and variable costs
- (e) Labour markets and public policy

Answer the following questions (**within 500 words** each) :

3. (a) (i) Discuss the rationale for studying economics. 5

(ii) What is an economic model? Explain the general features of economic models. 2+5=7

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 how property rights help in achieving economic efficiency. 4

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(Continued)

(5)

4. (a) (i) Explain the meaning of shifts in the demand curve and shifts in the supply curve. Derive the market demand curve from individual demand curves. 3+3=6

(ii) Discuss how prices allocate resources. 5

Or

(b) (i) Define elasticity of demand. Explain the different applications of price elasticity of demand and income elasticity of demand. 2+3+3=8

(ii) Explain why a good with positive price elasticity of demand must violate the law of demand. 3

5. (a) (i) Discuss the concept of budget constraint with the help of an example. 5

(ii) Explain the properties of an indifference curve. 6

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(6)

Or

(b) Explain consumer's equilibrium condition with the help of indifference curve approach. How will a change in consumer's income affect his equilibrium?
8+3=11

6. (a) (i) Explain with marginal revenue and marginal cost curves, how a firm attains profit maximising output. 5

(ii) Derive the long-run average cost curve from short-run average cost curves. 6

Or

(b) (i) Discuss the concept of imperfect competition with the help of suitable examples. 7

(ii) Write a brief note on the government policies towards competition. 4

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(Continued)

(7)

7. (a) (i) What are the determinants of input demand curves? Explain how shift in input demand curve occurs. 3+3=6

(ii) Discuss how rent is determined. 5

Or

(b) Write the meaning of 'distribution of income'. Discuss the marginal productivity theory of distribution. 3+8=11

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