

2011

(1st Semester)

ECONOMICS

FIRST PAPER

( **Microeconomics** )

Full Marks : 75

Time : 3 hours

( PART : B—DESCRIPTIVE )

( Marks : 50 )

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

Answer **all** questions

UNIT—I

1. "Economics is the science which studies human behaviour as a relationship between ends and scarce means which have alternative uses." Comment.

10

Or

Explain the role of price mechanism in solving the basic economic problems.

( 2 )

UNIT—II

2. Using Hicksian model, illustrate how a change in price decomposes into substitution and income effects. 10

Or

Define price elasticity of demand. Explain any one method by which price elasticity is measured. 4+6=10

UNIT—III

3. State and explain the law of variable proportions. 10

Or

What are average and marginal costs? Explain the relationship between average cost and marginal cost. 4+6=10

UNIT—IV

4. Show how price is determined under perfect competition in the short run. 10

Or

Explain, with a diagram, the Cournot's model of duopoly.

( 3 )

UNIT—V

5. What is monopoly? Show how a monopolist can maximize the profit. 2+8=10

Or

What is price discrimination? Under what conditions price discrimination is profitable? 2+8=10

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( 1st Semester )

**ECONOMICS**

FIRST PAPER

( **Microeconomics** )

( PART : A—OBJECTIVE )

( Marks : 25 )

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

Answer **all** questions

SECTION—A

( Marks : 10 )

Tick (✓) the correct answer in the brackets provided :

1×10=10

1. The mother of all economic problems is

(a) natural resource ( )

(b) human resource ( )

(c) scarcity of resources ( )

2. 'Ceteris paribus', a fall in the price of a commodity, results in

- (a) an increase in quantity supplied ( )
- (b) an increase in quantity demanded ( )
- (c) an increase in demand and supply ( )

3. Indifference curve is based on

- (a) cardinal utility analysis ( )
- (b) ordinal utility analysis ( )
- (c) marginal utility analysis ( )

4. Engel curve indicates that proportion of expenditure on essential goods

- (a) increases as income increases ( )
- (b) decreases as income increases ( )
- (c) remains constant as income increases ( )

5. 'Returns to scale' refers to

- (a) when all factors are variable ( )
- (b) when all factors are fixed ( )
- (c) when one factor is variable, other factors are fixed ( )

6. If production function is homogeneous of degree one, the expansion path will be

- (a) a straight line ( )
- (b) convex to the origin ( )
- (c) concave to the origin ( )

7. Monopolistic competition consists of

- (a) product differentiation ( )
- (b) advertisement ( )
- (c) Both the above ( )

8. Under oligopoly

- (a) a large number of firms supply independent products ( )
- (b) a large number of firms supply homogeneous products ( )
- (c) a few number of firms supply differentiated products ( )

9. Monopolies born out of efficiency are known as

- (a) public monopolies ( )
- (b) natural monopolies ( )
- (c) patent monopolies ( )

10. The practice of setting different prices in different markets refers to price discrimination of

- (a) first degree ( )
- (b) second degree ( )
- (c) third degree ( )

( 5 )

SECTION—B

( Marks : 15 )

Write short notes on the following :

3×5=15

1. Law of demand

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2. Giffen goods

3. Isoquant

4. Administered prices

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5. Supply function

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