

23 NOV 2015

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I/ECO (i)

2015

(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*

1. Explain Alfred Marshall's definition of Economics. 10

Or

What are the basic problems of Economics?
Explain the role of price mechanism in solving the basic economic problems. 2+8=10

2. Define price elasticity of demand. Explain one method of measuring price elasticity of demand. 3+7=10

Or

Explain how a consumer attains his equilibrium under ordinal utility analysis of demand. 10

3. State and explain the properties of isoquants. 10

Or

What is meant by cost functions? What are the different concepts of cost? 2+8=10

4. How are price and outputs determined under perfect competition? 10

Or

Explain how short-run equilibrium is achieved by a firm under monopolistic competition. 10

5. What is meant by price-discrimination? Explain the conditions under which price-discrimination is possible. 3+7=10

Or

Explain how a firm under perfect competition earns zero economic profit in the long run according to zero-profit theorem. 10

2015

(1st Semester)

ECONOMICS

FIRST PAPER

(**Microeconomics**)

(PART : A—OBJECTIVE)

(Marks : 25)

The figures in the margin indicate full marks for the questions

SECTION A

(Marks : 10)

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

1×10=10

1. The correct relationship of price, demand and supply is that

- (a) price rises, supply rises and demand rises ()
- (b) price rises, supply rises and demand falls ()
- (c) price rises, supply falls and demand rises ()
- (d) price rises, supply falls and demand falls ()

2. In the case of necessity goods, coefficient of income elasticity is

- (a) less than unity ()
- (b) greater than unity ()
- (c) less than or equal to unity ()
- (d) None of the above ()

3. The expansion path represents

- (a) minimum cost combination ()
- (b) maximum cost combination ()
- (c) average cost combination ()
- (d) total cost combination ()

4. The cost attributed for using a factor of production which is owned by the user is called

- (a) explicit cost ()
- (b) opportunity cost ()
- (c) implicit cost ()
- (d) All of the above ()

5. When cross-elasticity is positive, the goods are

- (a) complementary goods ()
- (b) substitute goods ()
- (c) neither complements nor substitutes ()
- (d) All of the above ()

6. When there are only two sellers in the market, it is called

- (a) monopsony ()
- (b) duopoly ()
- (c) oligopoly ()
- (d) monopoly ()

7. At break-even point

- (a) $AR = TC$ ()
- (b) $AR = TR$ ()
- (c) $MR = TR$ ()
- (d) $TR = TC$ ()

8. A distinction between fixed and variable costs is valid.

- (a) only in the short period ()
- (b) only in the long period ()
- (c) both in short and long periods ()
- (d) only in the very short period ()

9. In monopolistic competition, a fairly large number of firms supply

- (a) substitute products ()
- (b) homogeneous products ()
- (c) differentiated products ()
- (d) All of the above ()

10. A firm under perfect competition attains equilibrium when its MC curve cuts the MR curve

- (a) from the right ()
- (b) from the left ()
- (c) from below ()
- (d) from above ()

(5)

SECTION—B

(Marks : 15)

Write short notes on the following :

3×5=15

1. Law of Demand

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2. Difference between Income consumption curve and Engel curve

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3. Law of variable proportion

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4. Difference between oligopoly and duopoly

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5. Definition of monopoly

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