

22 NOV 2016

ECO/I/EC/01(CBCS)

2016

(CBCS)

ECONOMICS

FIRST PAPER

(Microeconomics—I)

Full Marks : 75

Time : 3 hours

(PART : B—DESCRIPTIVE)

(Marks : 50)

The figures in the margin indicate full marks for the questions

1. Comment on *An Inquiry into the Nature and Causes of the Wealth of Nations*. 10

Or

What is price mechanism? Point out the conditions required for price mechanism to play its role effectively. 3+7=10

2. Using Hicksian model, explain the decomposition of price effect into substitution and income effects. 10

Or

What is indifference curve? How does a consumer attain equilibrium under indifference curve analysis? Explain with diagram. 3+7=10

3. State and explain the law of variable proportions. 4+6=10

Or

What are average, marginal and total cost? Explain the relationship among them. 6+4=10

4. Explain how equilibrium is achieved by a firm under perfect competition in a short run. 10

Or

What is a monopoly market? How does a monopolist determine price and output in a short run? 3+7=10

5. What is monopolistic competition? Explain the important characteristics of monopolistic competition. 4+6=10

Or

Explain with diagram, the Cournot's model of duopoly. 10

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ECONOMICS

FIRST PAPER

(Microeconomics—I)

(PART : A—OBJECTIVE)

(Marks : 25)

The figures in the margin indicate full marks for the questions

SECTION—A

(Marks : 10)

I. Put a Tick (✓) mark against the correct alternative in the brackets provided : 1×10=10

(a) A free market economy works on the principle of

(i) mixed economy system ()

(ii) socialist economy system ()

(iii) laissez-faire system ()

- (b) A demand curve shows
- (i) an inverse relationship between price and quantity demanded ()
 - (ii) an inverse relationship between price and income ()
 - (iii) an inverse relationship between income and quantity demanded ()
- (c) The cross elasticity of demand between two complementary goods is
- (i) negative ()
 - (ii) neither negative nor positive ()
 - (iii) positive ()
- (d) Indifference curve is based on
- (i) cardinal utility analysis ()
 - (ii) marginal utility analysis ()
 - (iii) ordinal utility analysis ()

- (e) Homogeneous production function of the first degree implies that factors of production and output
- (i) increase in the same proportion ()
 - (ii) increase in different proportion ()
 - (iii) increase in higher proportion ()
- In production process, economic cost involves
- (i) accounting cost + revenue ()
 - (ii) accounting cost + implicit cost ()
 - (iii) accounting cost + explicit cost ()
- (g) The degree of price discrimination where a firm charges different prices from different class of consumers is called
- (i) third-degree price discrimination ()
 - (ii) second-degree price discrimination ()
 - (iii) first-degree price discrimination ()

(h) In perfect competition, firms are in equilibrium in the long run when

(i) $P = SMC = SAC$ ()

(ii) $AR = MR$ but $LMC < LAC$ ()

(iii) $LAC = LMC = AR = MR$ ()

(i) A special case of oligopoly market where there are only two firms is

(i) monopoly market ()

(ii) monopsony market ()

(iii) duopoly market ()

(j) When products of a few sellers are homogeneous, it is called

(i) duopoly ()

(ii) pure monopoly ()

(iii) pure oligopoly ()

SECTION—B

(Marks : 15)

II. Write short notes on the following :

3×5=15

(a) Law of demand or market equilibrium

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(b) Consumer surplus or budget line

(c) Expansion path or isocost line

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(d) Price discrimination or administered price

(e) Monopsony or monopolistic competition

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