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(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 : $1 \times 8 = 8$

- (a) The rational consumers, producers and workers make the optimum choices or decisions on the basis of the _____ principle.

(Fill in the blank)

(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)

(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)

2. Write short notes on any *four* of the following
(**within 150 words** each) : 4×4=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

(iii) Explain the uses of graphs in economics.

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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. $4+7=11$

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
