1 SEM TDC ECOH (CBCS) C 1

2 0 2 4

(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) "Scarcity is the cause of all economic problems."

   (State True or False)

   (b) Define opportunity sets.

   (c) What is budget constraint?

   (d) An example of explicit cost is

      (i) the wages a proprietor could have made by working as an employee of a large firm

(Turn Over)

      (ii) the income that could have been earned in alternative uses by the resources owned by the firm

      (iii) the payment of wages by the firm

      (iv) the normal profit earned by a firm

          (Choose the appropriate answer)

(e) Define free market.

(f) A locus of constant utility is called

    (i) expansion path

    (ii) revealed preference axiom

    (iii) indifference curve

    (iv) demand function

        (Choose the appropriate answer)

(g) Under monopoly, supply curve has

    (i) a positive slope

    (ii) a negative slope

    (iii) a slope $= 0$

    (iv) None of the above

        (Choose the appropriate answer)

(h) What is derived demand?

2. Write short notes on any *four* of the following (**within 150 words** each) : $4 \times 4 = 16$

    (a) Command economic system

    (b) Producer's surplus

                       (*Continued*)

(c) Economies and diseconomies of scale

(d) Imperfect competition

(e) Marginal productivity of labour

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

3. (a) Why is it said that the problem of choice has its root in relative scarcity of resources? Discuss the rationale for studying economics. Explain the general features of economic models. $3+4+4=11$

Or

(b) What are the basic problems of an economic system? Discuss how the basic economic problems are solved in free market and mixed economic systems. Explain the growth and efficiency goals of microeconomics. $3+4+4=11$

4. (a) Explain the meaning of shifts in the demand curve and shifts in the supply curve. Derive the market demand curve from individual demand curve. $6+5=11$

Or

(b) Explain, with suitable diagrams, the impact of a tax on the following : $4+4+3=11$

(i) Consumer's surplus

(ii) Producer's surplus

(iii) Efficiency of the markets

5. (a) Explain the substitution effect of price changes under Hicksian method with proper diagrams.　11

Or

   (b) Define indifference curve. Discuss, with appropriate diagrams, the properties of an indifference curve.　2+9=11

6. (a) Discuss with suitable diagrams, the short-run cost curve and their inter-relationships.　12

Or

   (b) Discuss the factors that give rise to monopoly. Explain, with diagram, the process of price and output determination in monopoly market.　4+8=12

7. (a) Explain the resource allocation and the mix of output in competitive markets.　11

Or

   (b) What are the determinants of input demand? Explain the firm's profit-maximizing condition in input markets. Explain how shift in input demand curve occurs.　3+5+3=11

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