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(March)

ECONOMICS

(Major)

Course : 101

(Microeconomics—I)

Full Marks : 80

Pass Marks : 32/24

Time : 3 hours

The figures in the margin indicate full marks for the questions

1. Answer/Choose the most appropriate option of the following : $1 \times 8 = 8$

    (a) The total expenditure of a consumer does not change with change in price, when

    (i) $E_d < 1$

    (ii) $E_d > 1$

    (iii) $E_d = 1$

    (iv) None of the above

(Turn Over)

(2)

(b) Mention one limitation of indifference curve approach.

(c) In the case of an inferior good
  (i) positive SE > positive IE
  (ii) positive SE < positive IE
  (iii) positive SE > negative IE
  (iv) None of the above

(d) Ridge line refers to the locus of points of isoquants
  (i) where marginal product of one of the factors is zero
  (ii) where marginal product of two factors is zero
  (iii) Both (i) and (ii)
  (iv) Neither (i) nor (ii)

(e) State one relationship between MC and AC curves.

(f) Which of the following statements is true?
  (i) If price elasticity $= 1$, $MR = 0$
  (ii) If price elasticity > 1, $MR > 0$
  (iii) If price elasticity < 1, $MR < 0$
  (iv) All of the above

(g) Mention one source of internal economics.

(h) State one factor that causes increasing returns to scale.

16-21/217   (Continued)

(3)

2. Write short notes on any *four* of the following (**within 150 words** each) :   4×4=16
  (a) Microeconomics and macroeconomics
  (b) Assumptions of cardinal utility approach
  (c) Distinction between inferior goods and Giffen goods
  (d) The production function for a single product
  (e) Private cost and social cost

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

3. (a) Explain the law of demand with the help of a demand schedule and a demand curve. What factors cause a rightward shift in the demand curve?   8+4=12

   Or

   (b) Explain with examples the relationship among price, elasticity of demand, total revenue and marginal revenue.   12

4. (a) Discuss the law of diminishing marginal utility with appropriate diagrams. Also state the assumptions and limitations of the law.   5+3+3=11

   Or

   (b) Write a critical note on the cardinal and ordinal (indifference curve) approaches to demand analysis.   11

16-21/217   (Turn Over)

(4)

5. (a) Illustrate how an individual demand curve can be derived with the help of indifference curves in case of a normal good. 11

Or

(b) Explain the income effect in case of normal, inferior and Giffen goods. 11

6. (a) What are the three stages of law of variable proportion? Why does it not make any economic sense to produce in stage I or stage III? 6+5=11

Or

(b) Write the meaning of 'optimal combination' of factors of production. Explain the equilibrium of a firm with the help of isoquants and isocost lines. 4+7=11

7. (a) Distinguish between short-run and long-run average cost curve. Why is a long-run average cost curve generally flatter than the short-run average cost curve? 3+8=11

Or

(b) Define economies and diseconomies of scale. Analyse the different types of internal and external economies and diseconomies. 3+2+2+2+2=11

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