

2017

(1st Semester)

ECONOMICS

Paper No. : ECO-101

(Microeconomics—I)

Full Marks : 70

Pass Marks : 45%

Time : 3 hours

(PART : B—DESCRIPTIVE)

(Marks : 45)

*The figures in the margin indicate full marks
for the questions*

1. (a) "Economics is the science which studies human behaviour as a relationship between ends and scarce means which have alternative uses." Discuss. 9
- Or
- (b) Discuss the methods of analysis used in economics. 9
2. (a) Critically examine the concept of consumer's surplus. 9

Or

- (b) Explain the properties of indifference curves and assess their importance in economic analysis. 5+4=9

3. (a) Explain the laws of returns to scale and enumerate the factors that cause decreasing returns to scale. 6+3=9

Or

- (b) Discuss the Cobb-Douglas production function. 9

4. (a) Distinguish between Average Cost and Marginal Cost. Discuss the significance of this distinction in the analysis of a firm's equilibrium. 5+4=9

Or

- (b) Analyze the difference between real and pecuniary economies of scale. 9

5. (a) Define welfare economics and discuss the problems in measuring social welfare. 5+4=9

Or

- (b) Critically explain the growth of GNP and cardinalist criteria of social welfare. $4\frac{1}{2}+4\frac{1}{2}=9$

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ECONOMICS

Paper No. : ECO-101

(**Microeconomics—I**)

(PART : A—OBJECTIVE)

(Marks : 25)

The figures in the margin indicate full marks for the questions

SECTION—I

(Marks : 15)

A. Put a Tick (✓) mark against the correct answer :

1×10=10

1. The author of *The Wealth of Nations* was

(a) Alfred Marshall ()

(b) Lionel Robbins ()

(c) Adam Smith ()

(d) David Ricardo ()

2. When the demand changes in the same proportion to the change in price, it is called

- (a) perfectly inelastic ()
- (b) perfectly elastic ()
- (c) unitary elastic ()
- (d) unitary inelastic ()

3. The Engel curve for a Giffen goods is

- (a) negatively sloped ()
- (b) positively sloped ()
- (c) vertical ()
- (d) horizontal ()

4. The Slutskian method of decomposing price effect into income effect and substitution effect is called

- (a) cost-difference method ()
- (b) compensating variation in income method ()
- (c) price-consumption method ()
- (d) None of the above ()

5. The law of variable proportion is also called the law of

- (a) non-proportional returns ()
- (b) proportional returns ()
- (c) increasing returns ()
- (d) diminishing returns ()

6. As production increases, variable cost

- (a) increases in total ()
- (b) decreases in total ()
- (c) remains unchanged ()
- (d) None of the above ()

7. The marginal cost curve intersects the average cost curve when average cost is

- (a) maximum ()
- (b) minimum ()
- (c) rising ()
- (d) falling ()

8. A fixed cost is one

- (a) which is variable per unit ()
- (b) which is semi-variable per unit ()
- (c) which is fixed per unit ()
- (d) None of the above ()

9. Normative economics is concerned with

- (a) 'what is' ()
- (b) 'what should be' of things ()
- (c) value judgment ()
- (d) All of the above ()

10. Prof. Graff has distinguished

- (a) 0 ()
- (b) 1 ()
- (c) 2 ()
- (d) 3 ()

concept(s) of social welfare.

B. Indicate *True (T)* or *False (F)* by a Tick (✓) mark :

1×5=5

1. Inferior goods have negative income elasticity.

(T / F)

2. Microeconomics is the study of the nature and the relationship among aggregates like national income, general price level, etc.

(T / F)

3. Consumption is the beginning and end of all economic activities.

(T / F)

4. The long-run average cost curve is also known as planning curve.

(T / F)

5. Pareto's welfare theory avoids ordinal measurement.

(T / F)

(6)

SECTION—II

(Marks : 10)

C. Write short notes on any *five* of the following : $2 \times 5 = 10$

1. Concept of equilibrium

(7)

2. Basic economic problems

3. Difference between cardinal and ordinal utility.

4. Substitution effect

5. Difference between the short-run and long-run period in the study of cost of production

6. Concept of opportunity cost

7. Assumption of Pareto's criteria

8. Difference between individual welfare and social welfare
