Ba/Eco–101(N)

2021

(1st Semester)

ECONOMICS

Paper No. : ECO–101

(Microeconomics—I)

(New Course)

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

UNIT—1

1\. *(a)* Define economics. Discuss the scarcity definition of economics with its implications. 9

Or

(b) Define elasticity of demand. Discuss the methods of measuring price elasticity of demand.

UNIT—2

2. (a) Discuss the Hicksian approach to consumer equilibrium in indifference curve analysis. 9

Or

(b) Discuss Engel curve analysis for individual and group of consumers in case of normal and inferior goods.

UNIT—3

3. (a) Explain short-run and long-run production function. Discuss the relationship between TP, AP and MP in the short run. 9

Or

(b) Explain Cobb-Douglas production function.

UNIT—4

4. (a) Explain the concept of cost. Why is long-run average cost curve flatter than short-run average cost curve? Discuss. 9

Or

(b) Define economies of scale. Discuss real and pecuniary economies of scale.

UNIT—5

5\. (a) Define welfare economics. Explain the scope of welfare economics. 9

Or

(b) Define social welfare. Discuss the criteria for measuring social welfare.

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(1st Semester)

ECONOMICS

Paper No. : ECO–101

(Microeconomics—I)

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(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 in the brackets provided : 1×10=10

1. The branch of modern economics which focuses on the ideological, perspective-based, opinion-oriented statements towards economic activities is known as

   (a) positive economics ( )

   (b) normative economics ( )

   (c) welfare economics ( )

   (d) None of the above ( )

2. If an increase in the price of y causes an increase in the quantity demanded of x, and the two products are substitutes, the value of cross-elasticity of demand is

(a) 0 ( )

(b) 1 ( )

(c) >0 ( )

(d) <0 ( )

3. The curve that shows how much quantity would be purchased at the changed price by the consumer if the income effect is eliminated is called as

(a) indifference curve ( )

(b) compensated demand curve ( )

(c) income consumption curve ( )

(d) None of the above ( )

4. When the consumer increases the demand for some goods more than proportionately as his money income rises, Engel curve for such goods will be

(a) upward sloping and convex downward ( )

(b) downward sloping and concave downward ( )

(c) upward sloping and concave downward ( )

(d) downward sloping and convex downward ( )

5. The production function which is linear homogeneous of degree one and shows constant returns to scale when $\alpha + \beta = 1$ is called as

   (a) Cobb-Douglas production function ( )

   (b) Leontief production function ( )

   (c) CES production function ( )

   (d) None of the above ( )

6. The slope of iso-quant should be equal to the slope of iso-cost line. This is the necessary condition of equilibrium for

   (a) consumer equilibrium ( )

   (b) producer equilibrium ( )

   (c) market equilibrium ( )

   (d) None of the above ( )

7. When MC is more than AC,

   (a) AC rises with increase in output ( )

   (b) AC falls with increase in output ( )

   (c) AC falls with decrease in output ( )

   (d) MC falls with rise in output ( )

8. Economies realized from paying lower prices for the factors used in the production and distribution of the product due to bulk-buying by the firm as its size increases is known as

   (a) real economies ( )

   (b) pecuniary economies ( )

   (c) managerial economies ( )

   (d) selling or marketing economies ( )

9. The concept of social welfare which involves interpersonal comparison of utility is propounded by whom?

   (a) Bergson and Samuelson ( )

   (b) Hicks and Kaldor ( )

   (c) Pareto ( )

   (d) Robins ( )

10. Who argued that welfare is improved when 'the greatest good (is secured) for the greatest number'?

   (a) Jeremy Bentham ( )

   (b) Adam Smith ( )

   (c) Pareto ( )

   (d) Kaldor and Hicks ( )

B. Indicate *True (T)* or *False (F)* by putting a Tick (✓) mark : 1×5=5

1. The book, *Wealth of Nations* was written by Alfred Marshall.

   (T / F)

2. Indifference curves can intersect each other.

   (T / F)

3. Returns to a factor assumes all the factors of production as variable.

   (T / F)

4. Long-run average cost curve is called as the envelope curve.

   (T / F)

5. Pareto's welfare theory is based on ordinal measurement.

   (T / F)

SECTION—II

(*Marks* : 10)

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

1. Concept of equilibrium

2. Basic economic problems

3. Compensated demand

4. Factor substitution

5. GNP criteria of social welfare

6. Concept of cost

7. Returns to scale

8. Consumer surplus

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