

2023

(FYUGP)

(3rd Semester)

ECONOMICS

(Minor)

Paper Code : EC3 M3

(**Intermediate Microeconomics—I**)

Full Marks : 75

Pass Marks : 40%

Time : 3 hours

(PART : B—DESCRIPTIVE)

(*Marks : 50*)

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

Answer **five** questions, taking **one** from each Unit

UNIT—I

1. State and explain the properties of indifference curves with the help of diagrams.

10

2. Define expenditure minimization. State and explain the properties of expenditure function. 2+8=10

UNIT—II

3. Explain the income and substitution effects in case of a normal good with the help of Slutsky's approach. 10
4. Explain, with diagrams, the concept of compensated and ordinary demand curves. 10

UNIT—III

5. What are isoquants? Explain the properties of isoquants with diagrams. 2+8=10
6. Explain the types of returns to scale with the help of diagrams. 10

UNIT—IV

7. Distinguish between real and pecuniary economics of scale. 10
8. Explain briefly different types of cost. 10

UNIT—V

9. What is demand for labour? What are the factors that influence the demand for labour? 2+8=10
10. How can public policy influence the labour market? 10

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ECONOMICS

(Minor)

Paper Code : EC3 M3

(Intermediate Microeconomics—I)

(PART : A—OBJECTIVE)

(Marks : 25)

The figures in the margin indicate full marks for the questions

A. Put a Tick (✓) mark against the correct answer in the brackets provided : 1×15=15

1. The axiom of rational choice assumes individuals make decisions that

(a) are always irrational ()

(b) maximize personal utility ()

(c) prioritize the opinions of others ()

(d) are purely impulsive ()

2. Normal goods are

- (a) goods that are always purchased regardless of income ()
- (b) goods whose demand increases as income rises ()
- (c) goods whose demand decreases as income rises ()
- (d) goods meant for rich individuals ()

3. Giffen goods are an exception to which economic principle?

- (a) The law of supply ()
- (b) The law of diminishing returns ()
- (c) The law of demand ()
- (d) The Okun law ()

4. How is AVC calculated?

- (a) $TVC \div TC$ ()
- (b) $TC \div Q$ ()
- (c) $TVC \div Q$ ()
- (d) $TFC \div Q$ ()

5. Derived demand refers to the demand for
- (a) final products only ()
 - (b) labour and intermediate goods ()
 - (c) luxury goods ()
 - (d) necessities ()
6. What is the relationship between preferences and utility?
- (a) Preferences are determined by utility ()
 - (b) Utility is determined by preferences ()
 - (c) Preferences and utility are unrelated ()
 - (d) Utility is a government policy ()
7. A consumer's choice is influenced by
- (a) price only ()
 - (b) quantity only ()
 - (c) price and utility both ()
 - (d) None of the above ()

8. What is the discount rate used in inter-temporal choice?

(a) A rate at which prices of goods change over time ()

(b) A rate at which the value of money decreases over time ()

(c) A rate at which future rewards are guaranteed ()

(d) A rate at which savings grow in a bank account ()

9. 'Choice under risk' means

(a) making decisions when faced with uncertain outcome and known probabilities ()

(b) making decisions without considering risks ()

(c) making choices based solely on personal preferences ()

(d) making decisions without any available information ()

10. What is the main purpose of analyzing an expansion path?

- (a) To find the most expensive input combination ()
- (b) To identify opportunities for diversification ()
- (c) To calculate total revenue for a firm ()
- (d) To determine the least costly way to produce a given level of output ()

11. In case of perfect substitutes, the value of the elasticity substitution is

- (a) 0 ()
- (b) 1 ()
- (c) ∞ ()
- (d) cannot be determined ()

12. Pecuniary economics of scale are often associated with a firm's ability to

- (a) innovate ()
- (b) technological advancements ()
- (c) expand its output ()
- (d) negotiate better prices with suppliers ()

13. The change in total cost resulting from producing one additional unit of output is

- (a) average cost ()
- (b) sunk cost ()
- (c) marginal cost ()
- (d) fixed cost ()

14. Increase in productivity of workers due to improve technology will result in labour demand curve
- (a) a leftward shift ()
 - (b) a rightward shift ()
 - (c) No change ()
 - (d) movement along the demand curve ()
15. Marginal productivity of labour equals zero means
- (a) adding more labour has no effect on output ()
 - (b) adding more labour decreases output ()
 - (c) adding more labour increases output slightly ()
 - (d) that the firm is operating at maximum efficiency ()

B. Write short notes on any *five* of the following :

2×5=10

1. Indirect utility function

2. Lump sum principle

3. Marginal productivity of labour

4. Choice under risk

5. Production function

6. TP, MP, AP

с. 13

7. Isoquant map

8. Law of variable proportion
