63/1 (SEM–1) CC1/ECOHC1016

2024

ECONOMICS

Paper : ECOHC 1016

(Introductory Microeconomics)

Full Marks : 80

Pass Marks : 32

Time : Three hours

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

1. Choose the correct answer : ***(any six)*** 1×6=6

   (i) An isoquant is convex to the originl if

   (a) Marginal rate of technical substitution (MRTS) is increasing

   (b) MRTS is decreasing

   (c) MRTS is constant

   (d) substitution is zero between the factors

Contd.

(ii) Choice arises due to

(a) scarcity

(b) greed

(c) unlimited resources

(d) the urgency of needs

(iii) Indifference curves are used to study

(a) producer behaviour

(b) target markets

(c) consumer preferences

(d) customer behaviour

(iv) Which of the following is the slope of indifference curve ?

(a) One

(b) Zero

(c) Marginal utility

(d) Marginal rate of substitition

(v) If labour and capital are the factors and P_L and P_K are the price of labour and price of capital respectively, then the slope of the isocost line is—

(a) $\frac{\text{Labour}}{\text{Capital}}$

(b) $\frac{P_L}{P_K}$

(c) $\frac{\text{Total outlay}}{P_K}$

(d) $\frac{\text{Total outlay}}{P_L}$

(vi) _____ refers to the total receipts from the sale of a given commodity.

(a) Total revenue

(b) Marginal revenue

(c) Average revenue

(d) Explicit revenue

(vii) Average revenue (AR) curve is downward sloping when—

(a) price falls with the rise in output

(b) price initially rises at an increasing rate, then at a diminishing rate

(c) price remains same at all levels of output

(d) price rises

(viii) The consumer's surplus can be defined as :

(a) Extra units of a commodity bought

(b) Surplus commodity left after consumption

(c) Difference between the maximum price a consumer is willing to pay and what the consumer actually pay

(d) Total consumer satisfaction

(ix) Which of the following is the opportunity cost of a chosen activity ?

(a) Out of pocket cost

(b) Out of pocket cost plus cost incurred by the government

(c) Value of all opportunities forgone

(d) Value of next best alternative that is given up

(x) The Engel curve for a Giffen good is

(a) negatively sloped

(b) positively sloped

(c) vertical

(d) horizontal

2. Answer the following questions : ***(any five)*** 2×5=10

(i) What is dependent variable ? Give an example.

(ii) Distinguish between cardinal utility and ordinal utility.

(iii) What is production function ?

(iv) Mention *two* limitations of indifference curve.

(v) Write *two* causes of economic problems.

(vi) What are the conditions of profit maximiation ?

(vii) What is Giffen good ? Give an example.

3. Answer the following questions : ***(any six)*** 5×6=30

(i) Explain why *two* isoquants cannot cut each other.

(ii) What is income consumption curve (ICC) ? Explain how ICC is derived in case of inferior goods.

(iii) Explain the relation between Total Utility and Marginal Utility with the help of diagram.

(iv) Explain how Average Revenue and Marginal Revenue curves are derived from Total Revenue curves.

(v) What are the differences between static and comparative static equilibrium ?

(vi) Distingish between stable and unstable equilibrium.

(vii) Explain the law of equimarginal utility.

(viii) Explain price effect with the help of diagram.

(ix) Explain Marginal Revenue.

(x) Explain isoquant with the help of a diagram.

4. Answer the following questions : ***(any two)*** 10×2=20

(i) Explain the Law of Variable Proportions.

(ii) Explain consumer's equilibrium with the help of following two cases :

(a) Single commodity case

(b) Two-commodity case

(iii) Explain stable equilibrium with the help of a diagram.

(iv) Discuss the exceptionalities of indifference curve analysis.

5. Answer the following questions : ***(any one)*** 14×1=14

(i) Discuss the basic economic problems faced by an economy.

(ii) Define budget line. Discuss consumer's equilibrium along with the help of budget line.

(iii) Discuss the least cost combination of factor inputs.