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63 (FY)SEM-1/MAJ1/ECOMAJ1014

2024

ECONOMICS

Paper : ECOMAJ1014

(Introductory Microeconomics)

Full Marks : 70

Pass Marks : 28

Time : Three hours

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

1. Choose the correct answer of the following :
1×6=6

(a) What is the point at which quantity demanded equals quantity supplied in a market ?

- (i) Market failure
- (ii) Economic equilibrium
- (iii) Disequilibrium
- (iv) Price ceiling

Contd.

- (b) L-shaped indifference curve implies that
- (i) both products are close substitute
 - (ii) both products are perfectly substitute
 - (iii) both products are perfectly complementary
 - (iv) both products are unrelated
- (c) Income effect for an inferior good is
- (i) positive
 - (ii) negative
 - (iii) zero
 - (iv) None of the above
- (d) If $MRTS_{LK}$ is constant, isoquant curve would be
- (i) downward sloping and convex to the origin
 - (ii) downward sloping and straight line
 - (iii) downward sloping and concave curve
 - (iv) L-shaped curve
- (e) One important assumption of Cobb-Douglas production function is that
- (i) there is only one factor of production
 - (ii) factors of production are indivisible
 - (iii) technology is constant
 - (iv) decreasing returns to scale

- (f) Under perfect competition $AR=MR$, because
- (i) a firm need not to reduce price to sell more output
 - (ii) a firm is only a price taker, not a price maker
 - (iii) Statement (i) is wrong and (ii) is correct
 - (iv) Both the statements (i) and (ii) are correct

2. Answer **any five** of the following questions :

2×5=10

- (i) Distinguish between dependent variable and independent variable.
- (ii) Define stable and unstable equilibrium.
- (iii) What is substitution effect?
- (iv) Draw an indifference curve when MRS_{xy} is increasing.
- (v) Define production function.
- (vi) What is budget line?
- (vii) Draw an expansion curve when production function is not homogeneous.

3. Answer **any six** of the following questions :

5×6=30

- (i) Distinguish between static, comparative static and dynamic equilibrium.
- (ii) Make a comparison between exogenous variable and endogenous variable.

- (iii) "An indifference curve can neither touch X axis nor Y axis". Explain with the help of a diagram.
- (iv) Distinguish between cardinal and ordinal approaches towards utility/satisfaction.
- (v) Write a note on factor elasticity of substitution.
- (vi) Explain the relation between AR and MR with the help of table and diagram under perfect competition.
- (vii) Show the relation between technical progress and production function.
- (viii) Explain consumer's surplus concept under Marshallian utility approach.
- (ix) Discuss the concept of Giffen paradox with the help of a diagram.

4. Answer **any two** of the following questions :

12×2=24

- (i) Explore the relationship between unlimited wants and limited resources. How does this fundamental economic principle create the necessity for prioritisation in economic behaviour?
- (ii) Explain diagrammatically, how Hicksian substitution effect is different from Slutskyian substitution effect.
- (iii) Explain the CES production function.
- (iv) Discuss the different stages of returns to scale with the help of a suitable table.