

**63(FY) SEM-1/MAJ1/ECOMAJ1014**

**2023**

( Held in 2024 )

**ECONOMICS**

Paper : ECOMAJ1014

( **Introductory Microeconomics** )

*Full Marks : 70*

*Pass Marks : 28*

*Time : 3 hours*

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

1. Choose the correct answer of the following : 1×8=8

(a) The main forces of a basic market model are

- (i) saving and investment
- (ii) demand and supply
- (iii) tax and subsidy
- (iv) income and expenditure

- (b) If the indifference curve is a downward sloping straight line, it means that
- (i) the goods are perfect substitutes
  - (ii) the goods are perfect complementaries
  - (iii) the goods are used in equal amount
  - (iv) one good is used more than the other
- (c) Which is not a correct assumption for the law of variable proportions?
- (i) Only one factor is variable while others are held constant
  - (ii) There is no change in technology
  - (iii) It assumes a long-run situation
  - (iv) All the units of variable factor are identical
- (d) The relation between physical output in a production process to physical inputs is known as
- (i) consumption function
  - (ii) utilisation function
  - (iii) production function
  - (iv) sales function
- (e) With a rise in price, the demand for Giffen goods
- (i) increases
  - (ii) decreases
  - (iii) remains constant
  - (iv) becomes unstable
- (f) Profit is defined as
- (i) net revenue—depreciation
  - (ii) average revenue—average cost
  - (iii) marginal revenue—marginal cost
  - (iv) total revenue—total cost
- (g) The problem of 'scarcity and choice' mainly gives rise to
- (i) problems of underdevelopment
  - (ii) economic problems
  - (iii) non-economic problems
  - (iv) environmental problems
- (h) Break-even point is a situation where a firm is in
- (i) profit
  - (ii) loss
  - (iii) no profit no loss
  - (iv) Cannot say anything

2. Answer any six of the following questions :

2×6=12

- (a) What is an independent variable? Give an example. 1+1=2
- (b) What is income effect?
- (c) Draw the Engel curve for an inferior good.
- (d) Write short notes on the following :
  - (i) Marginal product
  - (ii) Average product
- (e) Point out the difference between marginal rate of substitution and marginal rate of technical substitution.
- (f) What is production possibility curve?
- (g) Distinguish between average revenue and marginal revenue in an imperfect market.
- (h) State the relation among AR, MR and elasticity of demand.

3. Answer any six of the following questions :

5×6=30

- (a) "A higher indifference curve gives higher level of satisfaction." Explain with the help of a diagram.

(b) Briefly explain a stable equilibrium with a diagram.

(c) Explain income effect for inferior good.

(d) Explain any one method through which government intervenes in the market.

(e) Distinguish between cardinal utility and ordinal utility.

(f) Explain the relationship among average revenue, marginal revenue and elasticity of demand.

(g) Explain the merits of indifference curve analysis.

(h) Briefly explain the law of variable proportions.

(i) Explain the properties of isoquants with diagrams.

4. Answer any two of the following questions :

10×2=20

(a) What is equilibrium? Describe static, comparative static and dynamic equilibrium. 1+3+3+3=10

(b) Explain the consumer's equilibrium through cardinal utility approach. 10

- (c) Discuss how the concepts of marginal cost and marginal revenue are used to the maximisation of profit. 10
- (d) Explain how least cost combination of inputs is attained with the help of isoquants and isocost lines. 10

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