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63 (FY)SEM-1/MAJ/ECOMAJ1014

2025

ECONOMICS

(Major)

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 : $1 \times 6 = 6$
- (i) The problem of scarcity tells us that there is—
- (a) shortage of wants and resources
 - (b) abundance of resources but lack of wants
 - (c) scarce resources but limited needs and wants
 - (d) unlimited ends but limited resources to satisfy all these ends

- (ii) The slope of a budget line is—
- the satisfaction level of both the commodities
 - the income level of the consumer
 - the price ratio of both the commodities under consideration
 - price level of a country
- (iii) For a giffen good, when price falls—
- demand increases at a faster rate
 - demand decreases
 - demand remains constant
 - demand curve has a negative slope
- (iv) Someone who uses his or her capital for his or her business is an example of—
- fixed cost
 - explicit cost
 - implicit cost
 - variable cost
- (v) Consider the statement :
- “A 15% increase in the price of petrol leads to a 7% decrease in the quantity of petrol demanded.”
- In this situation, what is the independent variable ?
- Quantity of petrol demanded
 - Price of petrol
 - 15% increase
 - 7% decrease

- (vi) The additional revenue generated from the sale of an additional unit of output is called—
- total revenue
 - marginal revenue
 - average revenue
 - explicit revenue

2. Answer the following questions : **(any five)**

2×5=10

- Distinguish between exogenous variable and endogenous variable.
- What is opportunity cost? Give an example.
- Point out *two* causes of economic problems.
- What is production function?
- Define utility.
- What is marginal rate of substitution?
- What are the shapes of average revenue curve and marginal revenue curve under perfect competition?

3. Answer the following questions : **(any six)**

5×6=30

- Briefly explain price effect.
- Using indifference curves explain how does a consumer attain equilibrium.

- (iii) Derive the relation between average revenue, marginal revenue and elasticity of demand.
- (iv) Briefly explain the law of variable proportions.
- (v) Explain dynamic equilibrium.
- (vi) "Two indifference curves cannot cut each other" — Explain.
- (vii) Explain how does scarcity lead to choice. Explain *any two* economic problems of an economy. $1+4=5$
- (viii) What is average revenue? Explain it with an example. $1+4=5$
- (ix) What is Engel curve? Explain the Engel curve for an inferior good. $1+4=5$

4. Answer the following questions : (**any two**)

$12 \times 2 = 24$

- (a) What is equilibrium? Explain stable equilibrium and unstable equilibrium. $2+5+5=12$
- (b) Explain consumer's surplus. Write *two* applications of consumer's surplus. Point out *any two* limitations of consumer's surplus. $4+4+4=12$
- (c) What is profit maximisation? Explain how profit is maximised. $2+10=12$
- (d) What is an isoquant? Explain it. Discuss the properties of isoquants. $2+4+6=12$