2019

(1st Semester)

ECONOMICS

Paper No. : Eco–101

(**Microeconomics—I**)

(Old Course)

Full Marks : 70 *Pass Marks* : 45%

Time : 3 hours

(PART : B—DESCRIPTIVE)

(*Marks* : 45)

The figures in the margin indicate full marks for the questions

UNIT—I

1. (a) What is elasticity of demand? Explain the method of measuring elasticity of demand using the total outlay or expenditure method. 2+7=9

Or

(b) Discuss the scarcity definition of economics according to Robbins. Explain the basic economic problems. 2+7=9

UNIT—II

2. *(a)* Explain Hicks theorem of income effect with the help of a diagram. 9

Or

(b) What is an indifference curve? Explain how a consumer attains equilibrium with the help of indifference curve. 2+7=9

UNIT—III

3. *(a)* What is production function? Explain the difference between returns to factor and returns to scale. 2+7=9

Or

(b) Explain the Cobb-Douglas production function. 9

UNIT—IV

4. *(a)* Define cost. Why is the short-run average cost curve U-shaped? 2+7=9

Or

(b) Analyze the difference between real and pecuniary economics of scale. 9

UNIT—V

5. *(a)* Explain Bentham's and cardinalist criteria of social welfare. 4½+4½=9

Or

(b) What is welfare economics? Discuss the problems in measuring social welfare. 2+7=9

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(1st Semester)

ECONOMICS

Paper No. : Eco–101

(Microeconomics—I)

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(PART : A—OBJECTIVE)

(*Marks* : 25)

The figures in the margin indicate full marks for the questions

SECTION—I

(*Marks* : 15)

A. Put a Tick (✓) mark against the correct answer : 1×10=10

1. Find out the correct statement.

   (a) Deductive method descends from general to the particular ( )

   (b) Inductive method descends from general to the particular ( )

   (c) The classical economists stood for inductive method ( )

   (d) Deductive method depends on experimentation ( )

2. The degree to which the quantity supplied responds to price changes is called elasticity of

   (a) substitution ( )

   (b) supply ( )

   (c) demand ( )

   (d) None of the above ( )

3. The law of variable proportions assumes

   (a) all factors variable ( )

   (b) all factors fixed ( )

   (c) one factor fixed and other factors variable ( )

   (d) one factor variable and other factors fixed ( )

4. The consumer is in equilibrium, when

   (a) $\frac{MU_x}{MU_y} > \frac{P_x}{P_y}$ ( )

   (b) $\frac{MU_x}{MU_y} < \frac{P_x}{P_y}$ ( )

   (c) $\frac{MU_x}{MU_y} = \frac{P_x}{P_y}$ ( )

   (d) None of the above ( )

5. Who believed that it is not possible to make any one better off without making some worse off ?

   (a) Pigou ( )

   (b) Pareto ( )

   (c) Kaldor ( )

   (d) Hicks ( )

6. In the short run, when the output of a firm increases, its average fixed cost

   (a) increases ( )

   (b) decreases ( )

   (c) remains constant ( )

   (d) first declines and then rises ( )

7. Which curve represents the relationship between the income level and the quantity of commodity purchased by the consumer changes?

   (a) Lorenz curve ( )

   (b) Demand curve ( )

   (c) Engel curve ( )

   (d) None of the above ( )

8. When the total utility is maximum, the marginal utility is

(a) minimum ( )

(b) maximum ( )

(c) zero ( )

(d) None of the above ( )

9. Which criterion of welfare economics, advocate equal distribution of national income?

(a) GNP ( )

(b) Bentham ( )

(c) Social welfare function ( )

(d) Cardinalist ( )

10. The concept of marginal cost is closely related to which of the following?

(a) Variable cost ( )

(b) Fixed cost ( )

(c) Opportunity cost ( )

(d) Economic cost ( )

B. Indicate *True (T)* or *False (F)* by a Tick (✓) mark : 1×5=5

1. The scarcity definition of economics was propounded by Alfred Marshall.

   (T / F)

2. Cardinal approach uses equimarginal utility to explain consumer equilibrium.

   (T / F)

3. Returns to scale is a long-run production function.

   (T / F)

4. Average fixed cost curve is never U-shaped.

   (T / F)

5. Adam Smith implicitly accepted the growth of GNP, as a welfare criteria.

   (T / F)

SECTION—II

(*Marks* : 10)

C. Write short notes on any *five* of the following : $2 \times 5 = 10$

1. Deductive method

2. Consumer surplus

3. Ordinal utility

4. Explicit cost

5. Concept of opportunity cost

6. Iso-quant or iso-product curve

7. Economic and social welfare

8. Basic conditions of Pareto optimality

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