



1 SEM TDC ECOH (CBCS) C 1

2021

(Held in January/February, 2022)

ECONOMICS

(Core)

Paper : C-1

(Introductory Microeconomics)

Full Marks : 80

Pass Marks : 32

Time : 3 hours

The figures in the margin indicate full marks for the questions

1. Answer the following as directed : $1 \times 8 = 8$

(a) Which of the following statements is not correct?

- (i) Scarcity is the cause of all economic problems.
- (ii) Market mechanism can solve all economic problems.

- (iii) Consumer is sovereign in a socialist economy.
- (iv) In economics, all the problems are microeconomic in nature.

(Choose the appropriate answer)

- (b) Define opportunity sets.
- (c) The income effect on the demand for an inferior good is negative.

(State True or False)

- (d) Mention any one use of the income elasticity of demand.
- (e) In case of Giffen goods, income and substitution effects
 - (i) work in the same direction
 - (ii) work in the opposite direction
 - (iii) move in uncertain direction
 - (iv) can't be said

(Choose the appropriate answer)

- (f) What is marginal rate of substitution?

(g) Under monopoly, supply curve has

- (i) a positive slope
- (ii) a negative slope
- (iii) a slope = 0
- (iv) None of the above

(Choose the appropriate answer)

(h) To whom profit is a reward for inventing products and production techniques and for coordinating functions of entrepreneurs under dynamic conditions?

2. Write short notes on any *four* of the following (**within 150 words** each) : $4 \times 4 = 16$

- (a) Scope of economics
- (b) Markets and competition
- (c) Choice between leisure and consumption
- (d) Government policies towards competition
- (e) Shifts in input demand curves

3. (a) (i) "Positive economics is divided into descriptive economics and economic theory." Elucidate the statement. 5

(ii) What are the basic problems of an economy? Why do these problems arise? Do all kinds of economics—rich and poor, developed and underdeveloped—face the same basic problems? Discuss. 2+2+3=7

Or

(b) (i) What is an economic model? Discuss how you can develop an economic model by taking a suitable example. 2+6=8

(ii) What is a graph? Mention the purposes served by graphs in economics. 1+3=4

4. (a) (i) What is meant by quantity demanded? Distinguish between changes in quantity demanded and changes in demand. Also mention the properties of demand curves. 2+3+2=7

(ii) Analyse the following cases for a demand curve : 4

- (1) If there is a change in the price of a good or a service
- (2) If there is a change in income, preferences, or prices of other goods or services

Or

(b) (i) Explain why a situation of excess demand will result in an increase in the market. 3

(ii) Define elasticity of demand. Explain why a good with positive price elasticity of demand must violate the law of demand. 2+3=5

(iii) Briefly discuss the concept of deadweight loss. 3

5. (a) (i) Mention the basic decisions that every household must take. Also discuss the factors influencing the quantity of a given good or service demanded by a single household. 2+5=7

(ii) Discuss the concept of budget constraint with the help of an example. 4

(6)

Or

(b) (i) What are consumer preferences? Discuss the assumptions about consumer preferences. 2+3=5

(ii) Define indifference curve. Discuss briefly the properties of an indifference curve. 2+4=6

6. (a) (i) Explain with examples the economies and the diseconomies of scale. How do economies and diseconomies of scale determine the shape of the LAC? 4+3=7

(ii) "Declining marginal product implies that marginal cost will eventually rise with output." Explain the statement with the help of diagrams. 4

Or

(b) (i) What is monopoly? How does the existence of a close substitute affect the monopoly power? What are the sources of monopoly? 2+2+3=7

(ii) Write a brief note on the government policies towards competition. 4

7. (a) Explain the following concepts using suitable diagrams/examples :

$$2\frac{1}{2} + 2\frac{1}{2} + 3 + 3 = 11$$

- (i) Derived demand
- (ii) Productivity of an input
- (iii) Marginal productivity of labour
- (iv) Marginal revenue product

Or

(b) (i) What is land market? Discuss how rent is determined. $2+5=7$

(ii) State and explain briefly the marginal productivity theory. 4

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