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3 SEM TDC ECOH (CBCS) C 5

2023

(Nov/Dec)

ECONOMICS

(Core)

Paper : C-5

(Essentials of Microeconomics)

Full Marks : 80

Pass Marks : 32

Time : 3 hours

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

1. Answer as directed : 1×8=8

(a) Ordinal utility is propounded by _____.
(Fill in the blank)

(b) In case of an inferior good

- (i) substitution and income effects are positive
- (ii) substitution effect is positive and income effect is negative
- (iii) substitution and income effects are negative
- (iv) substitution effect is negative and income effect is positive

(Choose the correct option)

(2)

- (c) A locus of constant utility is called the
- (i) expansion path
 - (ii) utility function
 - (iii) indifference curve
 - (iv) demand function

(Choose the correct option)

- (d) Which of the following is a variable cost in the short run?

- (i) Rent of the factory
- (ii) Wages paid to the factory labour
- (iii) Interest payment on the lease for factory equipment

(Choose the correct option)

- (e) What is shutdown point?

- (f) The concept of marginal cost is closely related to

- (i) fixed cost
- (ii) variable cost

(Choose the correct option)

- (g) Which of the following is not a characteristic of a price-taker?

- (i) $AR = P$
- (ii) $MR = P$
- (iii) Negatively sloped demand curve

(Choose the correct option)

- (h) What is meant by break-even analysis?

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(Continued)

(3)

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

- (a) Axioms of rational choice
- (b) Engel's curve
- (c) Ridge lines
- (d) Economics of scope
- (e) Perfect vs. pure competition

Answer the following questions (within 500 words each) :

3. (a) What are indifference curves? Mention its uses. Explain the indifference curve in case of—

- (i) perfectly substitute goods;
- (ii) perfect complements. 6+3+3=12

Or

- (b) What do you mean by utility maximization? Graphically explain the utility maximization in case of *n*-good. 2+10=12

4. (a) Explain the substitution effect of price changes under Hicksian and Slutsky's method. 6+5=11

Or

- (b) Explain the revealed preference theory of consumer behaviour. What are its advantages over cardinal theory? Mention its limitations. 6+3+2=11

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(Turn Over)

5. (a) Explain the law of production with one variable input. In which stage, output is decided and why? $8+3=11$

Or

- (b) Distinguish between fixed proportion production function and variable proportion production function. Explain the main features of constant elasticity of substitution production function. $4+7=11$

6. (a) What is cost function? Explain the behaviour of short-run cost curves with the help of a hypothetical table. Why are AC curves always U-shaped? $2+7+2=11$

Or

- (b) What are internal and external economies of scale? Explain the various economies and diseconomies of scale that accrue to the firm when it expands its scale of production. $3+8=11$

7. (a) Explain the derivation of short-run supply curve of a price-taking firm. Show the long-run industry supply curve under different cost conditions. $4+7=11$

Or

- (b) What are the determinants of input demand? Explain the derivation of input demand curve when a firm employs one variable factor of production. $4+7=11$
