1 SEM TDC ECO M 1

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(November)

ECONOMICS

(Major)

Course : 101

(Microeconomics—I)

Full Marks : 80
Pass Marks : 32

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) Which of the following is not a subject
    matter of microeconomics?

    (i) Price of a commodity

    (ii) Price of a factor

    (iii) Change in the price level of an
    economy

    (iv) Production behaviour of a firm

(b) Total revenue is maximum when price elasticity of demand of a commodity is

   (i) equal to one .

   (ii) equal to zero

   (iii) greater than one

   (iv) less than one

(c) Which of the following is not a characteristic of cardinal measurement of utility?

   (i) Utility can be expressed in number

   (ii) Utility derived from different units of consumption can be summed up

   (iii) Utility derived from different combinations of commodities is ordered as per rank

   (iv) It is free of the problem of value judgement

(d) The substitution effect can be measured holding

   (i) income

   (ii) utility

   (iii) the price of one good

   (iv) the price of all goods

   as constant.

(e) One feature of Giffen good is

   (i) negative income effect

   (ii) positive income effect

   (iii) zero income effect

   (iv) positive substitution effect

(f) With respect to production, the short run is best defined as a time period

   (i) lasting about six months

   (ii) lasting about two years

   (iii) in which all inputs are fixed

   (iv) in which at least one input is fixed

(g) Isoquants that are downward-sloping straight lines exhibit

   (i) an increasing marginal rate of technical substitution

   (ii) a decreasing marginal rate of technical substitution

   (iii) a constant marginal rate of technical substitution

   (iv) a marginal rate of technical substitution that cannot be determined

(h) A firm enjoying economies of scale over some range of output will have a

(i) rising long-run average cost curve

(ii) falling long-run average cost curve

(iii) constant long-run average cost curve

(iv) flatter U-shaped long-run average cost curve

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

(a) Microeconomic models

(b) Consumer equilibrium in a single-commodity case

(c) Price effect

(d) Production function

(e) Internal economies

Answer the following questions (**within 500 words** each) :

3. (a) Explain, with an example, the method of microdynamic analysis. Mention its advantages and limitations.   7+4=11

14P—7000/5

(Continued)

Or

(b) Explain the following concepts :   2+3+3+3=11

(i) Arc elasticities of demand

(ii) Point elasticities of demand

(iii) Income elasticities of demand

(iv) Cross elasticities of demand

4. (a) What do you mean by cardinal measurement of utility? Make a critical account on the cardinal approach of measurement of utility.   3+8=11

Or

(b) Explain the assumptions of indifference curve. Show, with the help of indifference curve, how a consumer attains equilibrium.   4+7=11

5. (a) What is normal good? Show how an individual demand curve can be derived with the help of indifference curve in case of a normal good.   2+9=11

Or

(b) Explain the substitution effect in case of normal, inferior and Giffen goods.   11

14P—7000/5

(Turn Over)

6. (a) Give an idea on the graphical tools that can be used for the analysis of production function for a single product. 12

Or

(b) Distinguish between return to factor and return to scale in the context of production function. Explain, with the help of isoquants, the laws of return to scale. 4+8=12

7. (a) Distinguish between variable cost and fixed cost. Explain why the long-run average cost curve is called as 'envelope curve'. 4+7=11

Or

(b) Distinguish between short run and long run. Why is a long-run average cost curve generally flatter than the short-run average cost curve? 3+8=11

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