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(March)

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. Choose the most appropriate answer/
Answer the following questions : 1×8=8

(a) Which one of the following is not a basic
problem of an economy?

(i) What goods to produce and in what
quantities

(ii) What techniques to employ

(iii) The distribution of goods among the
members of the society

(iv) The maintenance of economic
stability

(b) In which two categories of goods, cross
elasticity of demand is most relevant?

(i) Substitute goods and Giffen goods

(ii) Complementary goods and
Substitute goods

(iii) Complementary goods and inferior
goods

(iv) None of the above

(c) Substitution effect is measured by
holding which of the following factors as
constant?

(i) Utility

(ii) Price of one good

(iii) Price of all goods

(iv) Income

(3)

- (d) What does the area under the marginal cost curve show?
- (i) TFC
 - (ii) TVC
 - (iii) AFC
 - (iv) AVC
- (e) What are the two factors on which a consumer's choice between leisure and consumption depends?
- (f) The positively sloped (rising) part of the long run average cost curve is due to which of the following?
- (i) Increasing returns
 - (ii) The increase in productivity that results from specialisation
 - (iii) Diseconomies of scale
 - (iv) Advantage of large-scale production technique

(4)

- (g) Mention a measure through which market price can be controlled by the government.
- (h) What is derived demand?
2. Write short notes on any *four* of the following (within 150 words each) : 4×4=16
- (a) Property rights and economic efficiency
 - (b) Consumer surplus
 - (c) Demand for all other goods and price changes
 - (d) External diseconomies of scale
 - (e) Marginal productivity of labour

Answer the following questions :

3. (a) (i) What are the two important goals of microeconomics? Explain the scope of economics. 2+5=7
- (ii) Explain different types of microeconomic analysis. 5

(5)

Or

(b) Explain with examples the verification and general features of economic models. Mention two limitations of economic models. 8+4=12

4. (a) (i) What are the determinants of supply curve? Draw a supply curve by preparing a supply schedule. 2+4=6
- (ii) Explain different types of price elasticity of demand. 5

Or

- (b) (i) Write the formula for measuring elasticity of supply. Discuss the determinants of elasticity of supply. 1+4=5
- (ii) Explain the uses of the concept of elasticity of supply. 6

5. (a) Represent preferences with indifference curves. Describe how the changes in price affect consumer's choice. 4+7=11

(6)

Or

(b) Explain the relationship between—
(i) leisure and consumption;
(ii) labour supply and saving decisions. 5+6=11

6. (a) (i) Explain the relationship between different short-run cost curves. 7
- (ii) How do these cost concepts help a firm in making vital production decisions? 4

Or

- (b) (i) Write a critical note on the production process of a profit maximising firm. 8
- (ii) Explain government policies towards competition. 3

7. (a) Describe labour markets under the following situations : 5+6=11
- (i) A firm uses only one variable factor of production (labour)
- (ii) A firm uses two variable factors of production

(7)

Or

- (b) Explain the process of resource allocation and the mix of output in competitive markets. 11
