

2012

( 1st Semester )

ECONOMICS

FIRST PAPER

( Microeconomics )

Full Marks : 75

Time : 3 hours

( PART : B—DESCRIPTIVE )

( Marks : 50 )

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

Answer **all** questions

UNIT—I

1. Discuss the nature and scope of Economics. 10

Or

Explain the role of price mechanism in solving the basic economic problems.

UNIT—II

2. (a) Distinguish between cardinal utility and ordinal utility. 5

(b) What do you mean by consumer's equilibrium? 5

Or

Explain how change in income affects demand of the consumer using indifference curve analysis. 10

UNIT—III

3. Show three kinds of returns to scale with the help of isoquant. 10

Or

State and explain the law of variable proportions.

UNIT—IV

4. Explain the short-run equilibrium under perfect competition. 10

Or

What is monopolistic competition? How is price determined under monopolistic competition? 2+8=10

UNIT—V

5. What is a discriminating monopoly? Explain the conditions which help the monopolist in practising price discrimination. 3+7=10

Or

Explain how a firm under perfect competition earns zero economic profit in a long-run according to 'zero-profit theorem'. 10

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**ECONOMICS****FIRST PAPER**( **Microeconomics** )

( PART : A—OBJECTIVE )

( Marks : 25 )

*The figures in the margin indicate full marks for the questions***SECTION—A**

( Marks : 10 )

Tick (✓) the correct answer in the brackets provided :

1×10=10

1. "Multiplicity of wants and scarcity of means give rise to economic problems." Who said this?

(a) P. A. Samuelson ( )

(b) J. M. Keynes ( )

(c) L. Robbins ( )

(d) A. Marshall ( )

( 2 )

2. In a typical demand schedule, quantity demand

(a) varies directly with price ( )

(b) varies proportionately with price ( )

(c) varies inversely with price ( )

(d) is independent of price ( )

3. An Engel curve shows the relationship between

(a) income and consumption ( )

(b) price and consumption ( )

(c) demand and price ( )

(d) income and demand ( )

4. The elasticity mid-point of the demand curve is known as

(a) point elasticity of demand ( )

(b) income elasticity of demand ( )

(c) arc elasticity of demand ( )

(d) None of the above ( )

( 3 )

5. A firm can attain maximum profit only at

- (a)  $MC < MR$  ( )
- (b)  $MC > MR$  ( )
- (c)  $MC = MR$  ( )
- (d)  $MC = 0$  ( )

6. The shape of the average cost curve in the short-run is

- (a) U-shaped ( )
- (b) V-shaped ( )
- (c) L-shaped ( )
- (d) None of the above ( )

7. The marginal cost curve intersects the average cost curve when average cost is

- (a) maximum ( )
- (b) minimum ( )
- (c) rising ( )
- (d) falling ( )

( 4 )

8. Free entry of a firm is a condition of

- (a) perfect competition ( )
- (b) duopoly ( )
- (c) monopoly ( )
- (d) monopolistic market ( )

9. Which of the following is a condition of monopoly equilibrium?

- (a) The MC must cut MR from above ( )
- (b) The MC must cut MR from below ( )
- (c) The MC and MR must be parallel to each other ( )
- (d) None of the above ( )

10. To maximise its profits during the short-run, a firm should produce the output that will

- (a) yield maximum total revenue ( )
- (b) minimise marginal cost ( )
- (c) maximise marginal revenue ( )
- (d) equate marginal revenue ( )

( 5 )

SECTION—B

( Marks : 15 )

Write short notes on the following :

3×5=15

1. Consumer's surplus

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2. Production function

3. Positive and normative economics

4. Oligopoly

5. Monopoly profit

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