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 :   1×8=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.

(*Turn Over*)

     (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?

                                          (Continued)

(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) : 4×4=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

(*Turn Over*)

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

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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