2 0 1 7

(1st Semester)

ECONOMICS

Paper No. : ECO-101

(Microeconomics—I)

Full Marks : 70   *Pass Marks* : 45%

Time : 3 hours

(PART : B—DESCRIPTIVE)

(*Marks* : 45)

The figures in the margin indicate full marks
for the questions

1. *(a)* "Economics is the science which studies human behaviour as a relationship between ends and scarce means which have alternative uses." Discuss.   9

        Or

   (b) Discuss the methods of analysis used in economics.   9

2. *(a)* Critically examine the concept of consumer's surplus.   9

Or

(b) Explain the properties of indifference curves and assess their importance in economic analysis. 5+4=9

3. (a) Explain the laws of returns to scale and enumerate the factors that cause decreasing returns to scale. 6+3=9

Or

(b) Discuss the Cobb-Douglas production function. 9

4. (a) Distinguish between Average Cost and Marginal Cost. Discuss the significance of this distinction in the analysis of a firm's equilibrium. 5+4=9

Or

(b) Analyze the difference between real and pecuniary economies of scale. 9

5. (a) Define welfare economics and discuss the problems in measuring social welfare. 5+4=9

Or

(b) Critically explain the growth of GNP and cardinalist criteria of social welfare.
4½+4½=9

★★★

2 0 1 7

(1st Semester)

ECONOMICS

Paper No. : ECO–101

(Microeconomics—I)

(PART : A—OBJECTIVE)

(*Marks* : 25)

The figures in the margin indicate full marks for the questions

SECTION—I

(*Marks* : 15)

A. Put a Tick (✓) mark against the correct answer :

$1 \times 10 = 10$

1. The author of *The Wealth of Nations* was

    (a) Alfred Marshall   ( )

    (b) Lionel Robbins   ( )

    (c) Adam Smith   ( )

    (d) David Ricardo   ( )

2. When the demand changes in the same proportion to the change in price, it is called

(a) perfectly inelastic ( )

(b) perfectly elastic ( )

(c) unitary elastic ( )

(d) unitary inelastic ( )

3. The Engel curve for a Giffen goods is

(a) negatively sloped ( )

(b) positively sloped ( )

(c) vertical ( )

(d) horizontal ( )

4. The Slutskian method of decompounding price effect into income effect and substitution effect is called

(a) cost-difference method ( )

(b) compensating variation in income method ( )

(c) price-consumption method ( )

(d) None of the above ( )

5. The law of variable proportion is also called the law of

   (a) non-proportional returns ( )

   (b) proportional returns ( )

   (c) increasing returns ( )

   (d) diminishing returns ( )

6. As production increases, variable cost

   (a) increases in total ( )

   (b) decreases in total ( )

   (c) remains unchanged ( )

   (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 ( )

8. A fixed cost is one

   (a) which is variable per unit ( )

   (b) which is semi-variable per unit ( )

   (c) which is fixed per unit ( )

   (d) None of the above ( )

9. Normative economics is concerned with

   (a) 'what is' ( )

   (b) 'what should be' of things ( )

   (c) value judgment ( )

   (d) All of the above ( )

10. Prof. Graff has distinguished

   (a) 0 ( )

   (b) 1 ( )

   (c) 2 ( )

   (d) 3 ( )

   concept(s) of social welfare.

B. Indicate *True (T)* or *False (F)* by a Tick (✓) mark :

$1 \times 5 = 5$

1. Inferior goods have negative income elasticity.

(T / F)

2. Microeconomics is the study of the nature and the relationship among aggregates like national income, general price level, etc.

(T / F)

3. Consumption is the beginning and end of all economic activities.

(T / F)

4. The long-run average cost curve is also known as planning curve.

(T / F)

5. Pareto's welfare theory avoids ordinal measurement.

(T / F)

(**5**)

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(T / F)

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SECTION—II

(*Marks* : 10)

C. Write short notes on any *five* of the following : 2×5=10

    1. Concept of equilibrium

2. Basic economic problems

3. Difference between cardinal and ordinal utility

4. Substitution effect

5. Difference between the short-run and long-run period in the study of cost of production

6. Concept of opportunity cost

7. Assumption of Pareto's criteria

8. Difference between individual welfare and social welfare

★ ★ ★