2024

(CBCS)

(2nd Semester)

ECONOMICS

Paper No. : EC2.GE2/EC2.DSC1B

(Principles of Microeconomics—II)

Full Marks : 75 *Pass Marks* : 40%

Time : 3 hours

(PART : B—DESCRIPTIVE)

(*Marks* : 50)

The figures in the margin indicate full marks for the questions

Answer **five** questions, taking **one** from each Unit

UNIT—I

1. Elaborate the utility function for specific preferences. 10

2. Explain the properties of expenditure minimization. 10

UNIT—II

3. Graphically explain the Hicks' substitution effect. 10

4. Discuss the preference towards risk of risk averters and risk lovers. 10

UNIT—III

5. Explain the three kinds of returns to scale. 10

6. What are isoquants? Explain the properties of isoquants. 2+8=10

UNIT—IV

7. Explain the shapes of AFC, AVC, AC and MC according to the traditional theory of cost. 10

8. Discuss the L-shaped long-run average cost curve. 10

UNIT—V

9. What is marginal revenue product? Discuss the curves of MRP and VMP under perfect competition market. 2+8=10

10. Explain how wages are determined under an imperfect labour market. 10

★★★

2024

(CBCS)

(2nd Semester)

ECONOMICS

Paper No. : EC2.GE2/EC2.DSC1B

(Principles of Microeconomics—II)

(PART : A—OBJECTIVE)

(*Marks* : 25)

The figures in the margin indicate full marks for the questions

A. Choose the correct answer by putting a Tick (✓) mark in the brackets provided : 1×10=10

1. Utility in economics means

   (a) happiness ( )

   (b) optimum ( )

   (c) pleasure ( )

   (d) want-satisfying power of a commodity ( )

2. What does the lumpsum principle state?

(a) All taxpayers should pay the same tax rate ( )

(b) Taxation should be based on the principle of ability to pay ( )

(c) Tax revenue should be collected in a single lumpsum payment from each tax-payer ( )

(d) Taxation should be neutral regarding individual's choices ( )

3. The revealed preference theory assumes

(a) positive income elasticity of demand ( )

(b) negative income elasticity of demand ( )

(c) zero income elasticity of demand ( )

(d) None of the above ( )

4. Income effect is negative in case of

(a) inferior goods ( )

(b) normal goods ( )

(c) Both (a) and (b) ( )

(d) Neither (a) nor (b) ( )

5. In case of short-run production function, the factor ratio remains

(a) constant ( )

(b) variable ( )

(c) Either (a) or (b) ( )

(d) Neither (a) nor (b) ( )

6. Which of the following represents per labour unit of output?

(a) TP ( )

(b) Physical Product ( )

(c) MP ( )

(d) AP ( )

7. The long-run average cost (LAC) curve is referred to as

(a) planning curve ( )

(b) envelope curve ( )

(c) Both (a) and (b) ( )

(d) Neither (a) nor (b) ( )

8. AC is equivalent to MC, where

   (a) both are equal ( )

   (b) MC is minimum ( )

   (c) AC is minimum ( )

   (d) None of the above ( )

9. Under the conditions of perfect competition, the

   (a) VMP = MRP ( )

   (b) VMP < MRP ( )

   (c) VMP > MRP ( )

   (d) Both (b) and (c) ( )

10. Under marginal productivity theory, reward for labour is determined by

   (a) owner ( )

   (b) labour ( )

   (c) government ( )

   (d) marginal product ( )

B. Indicate whether the following statements are *True (T)* or *False (F)* by putting a Tick (✓) mark : 1×5=5

1. Indifference curve involves strong ordering hypothesis.

   (T / F)

2. The Cobb-Douglas production function exhibits decreasing returns to scale.

   (T / F)

3. AFC curve is U-shaped curve.

   (T / F)

4. Standard of living of workers depends upon their real wage.

   (T / F)

5. Demand for factor of production is derived demand.

   (T / F)

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

1. Axioms of consumer's choice

2. Total product

3. Marginal rate of substitution

4. Real wage and money wage

5. Explicit cost and implicit cost

6. Production function

7. Derived demand

8. Budget line

★★★