Subject Code :
Ba/Bc/EC2.GE2/DSC1B

Booklet No. A 1470

Ba/Bc/EC2.GE2/DSC1B

2023

(CBCS)

(2nd Semester)

ECONOMICS

Paper No. : EC2.GE2/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. State and explain the axioms of consumer's preference theory. 10

2. Explain graphically utility maximization with the two-good case. 10

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UNIT—II

3. Explain the income and substitution effects in case of an inferior good with the help of Slutsky's approach. 1(

4. Explain the Revealed Preference Theory. 1

UNIT—III

5. What is Cobb-Douglas production function? What are its important properties? Explain with a diagram. 2+3+5=

6. Explain the production function with one-variable input.

UNIT—IV

7. Explain the modern theory of cost.

8. Explain real and pecuniary economies of scale.

UNIT—V

9. What are the causes of shifts in the labour demand curve? Explain with a diagram. 5+5

10. Explain the wage determination in a perfectly competitive labour market.

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(CBCS)

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ECONOMICS

Paper No. : EC2.GE2/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 : $1 \times 10 = 10$

1. Income, wealth and prices define

   (a) a budget constraint ( )

   (b) expenditure function ( )

   (c) expenditure minimization ( )

   (d) expenditure maximization ( )

2. The function that measures the preference of the consumers in their consumption of goods and services is

   (a) expenditure function ( )

   (b) production function ( )

   (c) consumption function ( )

   (d) utility function ( )

3. Income effect on demand for a product is a change in the demand for a product due to

   (a) change in the real income of the consumers ( )

   (b) change in the par capita NI ( )

   (c) change in the money income of the consumers ( )

   (d) All of the above ( )

4. Revealed Preference theory was propounded by

   (a) J. S. Mill ( )

   (b) P. A. Samuelson ( )

   (c) J. R. Hicks ( )

   (d) A. K. Sen ( )

5. The Total Product (TP) is maximum, when

   (a) MP = AP ( )

   (b) MP < 0 ( )

   (c) MP = 0 ( )

   (d) AP = 0 ( )

6. Returns to scale refers to the effect on total output of changes on

   (a) all the inputs simultaneously ( )

   (b) a factor ( )

   (c) various imports separately ( )

   (d) None of the above ( )

7. Which of the following cost curves is not U-shaped?

   (a) AVC ( )

   (b) AFC ( )

   (c) AC ( )

   (d) MC ( )

8. Derived demand is also known as

   (a) output demand ( )

   (b) consumption demand ( )

   (c) production demand ( )

   (d) input demand ( )

9. According to Marginal Productivity of Labour, wages are

   (a) equal to the value of the average product for labour ( )

   (b) equal to the value of the marginal product of labour ( )

   (c) less than the value of the marginal product of labour ( )

   (d) more than the value of the marginal product of labour ( )

10. Which of the following is an implicit cost?

    (a) Cost of raw materials ( )

    (b) Service rendered by an entrepreneur in his own firm ( )

    (c) Interest on borrowed money ( )

    (d) Payments for power and fuel ( )

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

1. All Giffen goods are inferior goods but all inferior goods are not Giffen goods.

   (*T* / *F*)

2. The shift in the labour demand curve is due to the change in the wage rate.

   (*T* / *F*)

3. The expenditure function and the indirect utility function are inversely related.

   (*T* / *F*)

4. Short-run Average Cost Curve is also known as an envelope curve.

   (*T* / *F*)

5. In a linear production function the inputs cannot be substituted.

   (*T* / *F*)

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

1. Utility function

2. MRTS

3. Intertemporal choice

4. Linear production function

5. Gross demand and Net demand

6. Money cost and Real cost

7. Derived demand

8. Elasticity of substitution

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