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(NEP—2020)

(1st Semester)

ECONOMICS (MAJOR/MINOR)

(Microeconomics—I)

Full Marks : 75

Time : 3 hours

The figures in the margin indicate full marks for the questions

(SECTION : A—OBJECTIVE)

(Marks : 10)

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

1×10=10

1. The Welfare definition of Economics has been given by

- (a) Adam Smith () (b) Lionel Robbins ()
(c) Alfred Marshall () (d) A. C. Pigou ()

2. The fundamental problem faced by an economy is which one of the following?

- (a) Exchange ()
(b) Decision making by the government ()
(c) Economic welfare ()
(d) Scarcity of resources and multiplicity of wants ()

3. Price effect consists of

- (a) income and substitution effect ()
(b) positive and negative effect ()
(c) cross and income effect ()
(d) None of the above ()

4. When marginal utility is negative, then total utility
- (a) increases ()
 - (b) decreases ()
 - (c) remains same ()
 - (d) None of the above ()
5. The slope of indifference curve shows
- (a) diminishing marginal rate of substitution ()
 - (b) the price ratio ()
 - (c) factor substitution ()
 - (d) levels of indifference ()
6. The statement, "Utility cannot be measured numerically, it can only be ranked as 1, 2, 3 and so on" is correct for
- (a) cardinal utility concept ()
 - (b) ordinal utility concept ()
 - (c) material utility concept ()
 - (d) general utility concept ()
7. Decreasing returns to scale implies that
- (a) output increases in a greater proportion than the increase in input ()
 - (b) output decreases in a greater proportion compared to the increase in input ()
 - (c) output remains proportionately constant ()
 - (d) output increases as input decreases ()
8. Law of variable proportion depends on the assumption of
- (a) changing technology ()
 - (b) varied types of goods ()
 - (c) heterogeneity of factors ()
 - (d) homogeneity of factors ()

9. A producer is in equilibrium at a point, where

- (a) MC is less than AC ()
- (b) MC = MR ()
- (c) MC is more than AC ()
- (d) None of the above ()

10. Engel's curve depicts

- (a) relationship between income and demand through a curve ()
- (b) relationship between input and output through a curve ()
- (c) relationship between demand and price through a curve ()
- (d) relationship between cost and price through a curve ()

(SECTION : B—SHORT ANSWERS)

(Marks : 15)

Write short notes on any *five*, taking at least *one* from each Unit :

3×5=15

UNIT—I

1. Positive and normative economics
2. Concept of price mechanism

UNIT—II

3. Law of demand
4. Meaning of supply and its determinants

UNIT—III

5. Law of diminishing marginal utility
6. Diamond-water paradox

UNIT—IV

7. Concept of marginal product

8. Opportunity cost

(SECTION : C—DESCRIPTIVE)

(Marks : 50)

Answer *five* questions, taking at least *one* from each Unit :

10×5=50

UNIT—I

1. Critically examine Alfred Marshall's definition of Economics. 10

2. Discuss the central problems of an economy. 10

UNIT—II

3. Define price elasticity of demand. Discuss one method of measurement of elasticity of demand. 2+8=10

4. Define law of supply and examine the shift of supply curve with the help of diagram. 2+8=10

UNIT—III

5. What do you mean by indifference curve? Explain how a consumer attains equilibrium under indifference curve analysis with suitable diagrams. 2+8=10

6. Explain Slutsky's method of decomposition of price. 10

UNIT—IV

7. What is an isoquant? Explain the properties of isoquants. 3+7=10

8. What is an isocost line? Discuss the relationship between average, marginal and total cost. 3+7=10
