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3 SEM TDC ECOH (CBCS) C 5

2023

(Nov/Dec)

ECONOMICS

(Core)

Paper : C-5

(Essentials of Microeconomics)

Full Marks : 80

Pass Marks : 32

Time : 3 hours

*The figures in the margin indicate full marks
for the questions*

1. Answer as directed : 1×8=8

(a) Ordinal utility is propounded by _____.
(Fill in the blank)

(b) In case of an inferior good

(i) substitution and income effects are positive

(ii) substitution effect is positive and income effect is negative

(iii) substitution and income effects are negative

(iv) substitution effect is negative and income effect is positive

(Choose the correct option)

(2)

- (c) A locus of constant utility is called the
(i) expansion path
(ii) utility function
(iii) indifference curve
(iv) demand function
(Choose the correct option)
- (d) Which of the following is a variable cost in the short run?
(i) Rent of the factory
(ii) Wages paid to the factory labour
(iii) Interest payment on the lease for factory equipment
(Choose the correct option)
- (e) What is shutdown point?
- (f) The concept of marginal cost is closely related to
(i) fixed cost
(ii) variable cost
(Choose the correct option)
- (g) Which of the following is not a characteristic of a price-taker?
(i) $AR = P$
(ii) $MR = P$
(iii) Negatively sloped demand curve
(Choose the correct option)
- (h) What is meant by break-even analysis?

(3)

2. Write short notes on any *four* of the following
(within 150 words each) : $4 \times 4 = 16$
- (a) Axioms of rational choice
(b) Engel's curve
(c) Ridge lines
(d) Economics of scope
(e) Perfect vs. pure competition

Answer the following questions (within 500 words each) :

3. (a) What are indifference curves? Mention its uses. Explain the indifference curve in case of—
(i) perfectly substitute goods;
(ii) perfect complements. $6+3+3=12$
- Or
- (b) What do you mean by utility maximization? Graphically explain the utility maximization in case of n -good. $2+10=12$
4. (a) Explain the substitution effect of price changes under Hicksian and Slutsky's method. $6+5=11$
- Or
- (b) Explain the revealed preference theory of consumer behaviour. What are its advantages over cardinal theory? Mention its limitations. $6+3+2=11$

5. (a) Explain the law of production with one variable input. In which stage, output is decided and why? 8+3=11

Or

- (b) Distinguish between fixed proportion production function and variable proportion production function. Explain the main features of constant elasticity of substitution production function. 4+7=11

6. (a) What is cost function? Explain the behaviour of short-run cost curves with the help of a hypothetical table. Why are AC curves always U-shaped? 2+7+2=11

Or

- (b) What are internal and external economies of scale? Explain the various economies and diseconomies of scale that accrue to the firm when it expands its scale of production. 3+8=11

7. (a) Explain the derivation of short-run supply curve of a price-taking firm. Show the long-run industry supply curve under different cost conditions. 4+7=11

Or

- (b) What are the determinants of input demand? Explain the derivation of input demand curve when a firm employs one variable factor of production. 4+7=11

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