2019

B.Sc.

1st Semester Examination

ECONOMICS (Honours)

Paper - C 1-T

(Introductory microeconomics)

Full Marks : 60   Time : 3 Hours

The figures in the margin indicate full marks.
Candidates are required to give their answers
in their own words as far as practicable.
Illustrate the answers wherever necessary.

Group - A

Answer any *ten* questions :   10×2=10

1. (a) What is compensated demand curve.   2

   (b) Define production possibility curve.   2

   (c) What is consumer's surplus?   2

   (d) Why AR curve of firm is horizontal under perfect competetion?   2

[Turn Over]

(e) Define shut down point.   2

(f) Define 'cartel' in collusive oligopoly.   2

(g) What is property right?

(h) State two exceptions of law demand.

(i) What is Cardinal utility approach?

(j) What is Engel curve?

(k) Define monopolistic competition.

(l) Give any two reasons for market failure.

(m) What is the shape of unit elastic demand curve ?

(n) What will be the shape of average fixed cost in the short run?

(o) Explain the shape of total product curve.

Group - B

Answer any *four* questions :   4×5=20

2. (a) Distinguish between income effect and substitution effect and show their impact on the law of demand in case of a normal good.   5

(b) Show that elasticity of substitution between factors is equal to 1 in the Cobb-Douglas production function. 5

(c) Derive demand curve with the help of indifference curve analysis. 5

(d) Derive the short run supply curve of a firm under perfect competition. 5

(e) Explain the concepts of economies and diseconomies of scale of a firm. 5

(f) Explain the difference between returns to scale and returns to a variable factor.

Group - C

Answer any *two* questions : 10×2=20

3. (a) Show that the price elasticity of demand ranges from zero to infinity on a linear demand curve. 10

(b) Derive the relationship between price elasticity, income elasticity and cross elasticity of demand. 10

[Turn Over]

(c) Why does MR curve of a firm lie below the AR curve under monopoly? Show the equilibrium of the monopolist in the short run. Can a monopolist incur loss?   2+6+2

(d) Why may a labour supply curve be backward bending? What is the role of trade union in the determination of wage rate?   5+5

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