

2018

CBCS

1st Semester

ECONOMICS

PAPER—C1T

(Honours)

Full Marks : 60

Time : 3 Hours

The figures in the right-hand margin indicate full marks.

Candidates are required to give their answers in their own words as far as practicable.

Illustrate the answers wherever necessary.

Introductory Microeconomics

Group—A

1. Answer any ten questions.

10×2

- (a) Distinguish between change in demand and change in quantity demanded.
- (b) What do you mean by stability of equilibrium?
- (c) What is homothetic preference?

(Turn Over)

- (d) Define shut-down point.
- (e) What do you mean by Marginal Productivity of Labour?
- (f) How would you measure monopoly power of a firm?
- (g) What will be the shape of the LAC Curve if there is increasing returns to scale?
- (h) What do you mean by opportunity cost?
- (i) How is cross price elasticity of demand used to classify commodities.
- (j) Define compensated demand curve.
- (k) How is the degree of homogeneity measured for a Cobb-Douglas production function?
- (l) Define producers' surplus in a perfectly competitive market.
- (m) State two reasons for market failure.
- (n) State the law of diminishing marginal rate of substitution.
- (o) What will be the value of price elasticity of demand if the demand curve is rectangular hyperbola?

Group—B

Answer any *four* questions.

4×5

2. Define income consumption curve (ICC). What will be the shape of the ICC when goods are normal. 3+2
3. Define budget line. Explain the economic interpretation of intercept and slope of a budget line. 2+3
4. Define production possibility frontier and explain its slope and curvature.
5. Why is a short run average cost curve is shaped ? Explain.
6. Discuss the impact of imposition of unit tax on price and output in a monopoly market.
7. Explain why the concept of supply curve does not exist in monopoly market.

Group—C

Answer any *two* questions.

2×10

8. State and explain the underlying Axioms of indifference curves in consumer theory. Which Axiom is violated if two indifference curves intersect each other ? Justify your answer. 6+4

9. Giffen goods are inferior goods but inferior goods are not necessarily Giffen goods. Explain. What will be the shape of the ordinary demand curve for an inferior good? Justify. 6+4
10. Discuss the characteristics of a perfectly competitive market. How does a perfectly competitive firm maximise profit in the short run? Can such a firm continue reducing output if this maximum profit is negative. 4+4+2
11. Assume that the product market is perfectly competitive. Show how the wage rate and the level of employment are determined when the Labour union enjoys monopoly power over the supply of Labour.
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