

**2022**

**Economics**

**[HONOURS]**

**(CBCS)**

**(B.Sc. First Semester End Examination-2022)**

**PAPER-CC1**

**[Introductory Micro Economics]**

*Full Marks: 60*

*Time: 03 Hrs*

*The figures in the right hand margin indicate marks*

*Candidates are required to give their answers in their own words as*

*far as practicable*

*Illustrate the answers wherever necessary*

**Group-A**

1. Answer any ten questions of the following: **10x2= 20**
- a) What do you mean by stock variable and flow variable?
  - b) Distinguish between micro economics and macro economics.
  - c) What do you mean by Opportunity cost?
  - d) In what situation PPC shifts?
  - e) What is meant by Scarcity in economy?
  - f) Distinguish between private cost and social cost.
  - g) Draw an indifference curve between  $x_1$  and  $x_2$  for the utility function  $U = x_1x_2$

(2)

- h) Draw the isoquant map for the production function exhibiting increasing returns to scale.
- i) What is the relation between MC and AVC when marginal and average products are equal? (Assume only one variable factor)
- j) How is demand defined in economics
- k) Define inferior good.
- l) Explain the concept of elasticity of supply.
- m) What do you mean by price consumption curve (PCC)
- n) Why would the LAC curve of a firm be U-shaped
- o) What do you mean by law of returns to scale?

**Group-B**

**Answer any four questions of the following: 4x5 = 20**

- 2. What is Production possibility frontier and how it is derived?
- 3. Write a short note on convexity of an indifference curve.
- 4. Show that in case of Cobb-Douglas production function the marginal product of each factor depends only upon the production in which L and K are used.
- 5. What is the cross price elasticity of demand? Discuss how to classify goods on the basis of income elasticity of demand.
- 6. Deduce the price demand relations under constant MRS, When  $NRS=1$

(3)

- 7. Distinguish between extensions in supply and increase in supply and between contraction in supply and decrease in supply
- 8. State the 'Law of demand', what are the exceptions of Law of demand?

**Group -C**

**Answer any two questions:**

**2x10 = 20**

- 9. Given the Total cost Function

$$C = 15Q + 6Q^2 + Q^3$$

- i) Find the equation of Average cost and Marginal cost.
  - ii) Find the output level at which Average cost is minimum
  - iii) Show that when Average cost is minimum, Average cost = Marginal cost.
- 10. Define the concept of market failure. Describe the different sources of market failure.
  - 11. Distinguish between static and dynamic stability of market equilibrium. Derive the conditions in the Walrasian sense.
  - 12. Explain on the compatibility of the concepts of constant returns to scale and diminishing returns to a factor.

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