

2025

(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. Adam Smith's definition of economics is also known as

- (a) wealth definition ()
- (b) prosperity definition ()
- (c) scarcity definition ()
- (d) welfare definition ()

2. Positive economics is concerned with

- (a) things as they are ()
- (b) things as they ought to be ()
- (c) things as they tend to be ()
- (d) things as they are expected ()

3. Other things remaining the same, a fall in price of a commodity will result in
- (a) decrease in demand ()
 - (b) contraction of demand ()
 - (c) shift of demand curve ()
 - (d) increase in demand ()
4. Which of the following is correct relating to a typical supply curve?
- (a) It slopes downward from left to right ()
 - (b) It slopes upward from left to right ()
 - (c) It represents relationship between demand and price ()
 - (d) None of the above ()
5. Which of the following best describes the core difference between cardinal and ordinal utility?
- (a) Cardinal utility assigns numerical values, while ordinal utility ranks preferences ()
 - (b) Cardinal utility uses graphs, while ordinal utility uses tables ()
 - (c) Ordinal utility assigns numerical values, while cardinal utility ranks preferences ()
 - (d) Ordinal utility uses graphs, while cardinal utility uses tables ()
6. A consumer surplus is
- (a) the amount of a good or service that remains unsold ()
 - (b) the amount of profit a producer makes on a good or service ()
 - (c) the difference between the cost of production and the selling price ()
 - (d) the difference between the maximum prices a consumer is willing to pay and the actual price paid ()

7. If a consumer's income decreases, what happens to the budget line?

- (a) It becomes flatter ()
- (b) It remains unchanged ()
- (c) It shifts inward or to the left ()
- (d) It shifts outward or to the right ()

8. An isoquant is convex to the origin because

- (a) of the constant returns to scale ()
- (b) of the diminishing marginal rate of technical substitution ()
- (c) of the increasing marginal product ()
- (d) of the law of diminishing returns to scale ()

9. The expansion path is derived from the tangency points between

- (a) demand and supply curve ()
- (b) indifference curve and isocost line ()
- (c) isoquants and indifference curve ()
- (d) isoquants and isocost line ()

10. The value of the next best alternative that is given up when a choice is made, is

- (a) fixed cost ()
- (b) marginal cost ()
- (c) opportunity cost ()
- (d) sunk cost ()

(SECTION : B—SHORT ANSWERS)

(Marks : 15)

Write short notes on *five* of the following, taking at least *one* from each Unit :

3×5=15

UNIT—I

1. Microeconomics versus Macroeconomics

2. Concept of price mechanism

UNIT—II

3. Law of supply

4. Income elasticity of demand

UNIT—III

5. Concept of law of equimarginal utility

6. Engel's curve

UNIT—IV

7. Production function

8. Relationship between average cost and marginal cost

(SECTION : C—DESCRIPTIVE)

(Marks : 50)

Answer *five* questions, taking at least *one* from each Unit : 10×5=50

UNIT—I

1. Discuss the nature and scope of economics. 10
2. Critically examine Lionel Robbins' definition of economics. 10

UNIT—II

3. Define elasticity of demand. Discuss one method of measuring the elasticity of demand. 2+8=10
4. Explain the difference between shifts in the demand curve and the movements along the demand curve with suitable diagram. 10

UNIT—III

5. What is an indifference curve? Explain the properties of an indifference curve. 2+8=10
6. Explain Hicksian method of decomposition of price effect. 10

UNIT—IV

7. State and explain the law of returns to scale. 10
8. Illustrate the law of variable proportion using a suitable diagram. 10
