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UG/Sem-1/ECO-HC1

2022

**Economics (Honours)
Paper : ECO-HC-1016
(Introductory Microeconomics)**

Time : 3 hours

Full Marks : 80

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

1. Answer the following questions: 1×10=10
- a) What is budget line?
 - b) Define marginal productivity of labour.
 - c) What is producer's surplus?
 - d) What do you mean by problem of scarcity and choice in economics?
 - e) What is opportunity cost? Give example.
 - f) What is an economic system?
 - g) State the law of supply.
 - h) What do you mean by Giffen goods?
 - i) Mention one characteristic of a perfectly competitive market.
 - j) What is an indifference map?
2. Answer the following questions: 2×5=10
- a) What do you mean by substitution effect of price change?
 - b) Why two indifference curves cannot intersect? Explain.
 - c) Distinguish between Market Price and Normal Price.
 - d) Distinguish between money wage and real wage.

Contd.

e) Why does the monopolist indulge in price discrimination?

3. Answer *any four* of the following questions : $5 \times 4 = 20$

- a) Briefly explain the principle of diminishing marginal rate of substitution.
- b) Discuss the role of anti-trust policy in reducing monopoly power.
- c) Discuss the basic problems faced by an economy.
- d) Discuss the characteristics of monopolistic competition.
- e) What are the factors which influence change in demand?
- f) How can we derive the short-run supply curve of a firm working under conditions of perfect competition?

4. Answer *any four* of the following questions: $10 \times 4 = 40$

- a) Discuss the nature of short run and long run average cost curves. Why is the long run average cost curve flatter than the short run average cost curve?
- b) Discuss how is demand curve derived from Engel curve.
- c) Explain with suitable diagram how does a firm attain equilibrium in the short run and in the long run under monopolistic competition.
- d) Explain that price effect is a combination of income and substitution effect.
- e) Why is the labour supply curve backward bending? Explain.
- f) Explain how wages are determined under perfect competition.

