REV-01
BEC/04/10

2025/05

SET A

BA ECONOMICS
SECOND SEMESTER
INTERMEDIATE MICROECONOMICS-I
BEC – 201
[USE OMR SHEET FOR OBJECTIVE PART]

Duration: 3 hrs. **Full Marks: 70**

Objective

Time: 30 mins. **Marks: 20**

Choose the correct answer from the following: ***1×20=20***

1. The shape of the Isoquant is ..... to the origin.
   a. Convex
   b. Straight
   c. Concave
   d. None of the above

2. The concept of intertemporal choice is mostly related to:
   a. Supply and demand
   b. Utility and satisfaction over time
   c. Choosing between brands
   d. Government policies

3. If the price of good X falls, and the consumer buys more of it because it is relatively cheaper than good Y, this is due to:
   a. Income effect
   b. Price elasticity
   c. Substitution effect
   d. Law of diminishing marginal utility

4. The law of Variable Proportion is applicable in the.....
   a. Long run
   b. Infinite term
   c. Short run
   d. None of the above

5. The Weak Axiom of Revealed Preference (WARP) states that if a bundle A is directly revealed preferred to bundle B, then:
   a. Bundle B must be cheaper than bundle A
   b. Bundle B can never be directly revealed preferred to A
   c. Both bundles must be on the same budget line
   d. A and B must be perfect substitutes

6. Production function shows the maximum level of output that can be produced by a given level of.....
   a. Inputs
   b. Technology
   c. Machine
   d. Skillness

7. Returns to Scale can be.....
   a. Constant
   b. Decreasing
   c. Increasing
   d. All of the above

8. What is the primary function of a market in economics?
   a. To allocate resource efficiently
   b. To control inflation
   c. To regulate government policies
   d. None of the above

9. In a Monopoly market structure, the firm.....
   a. Is the sole seller of a product
   b. Has no control over price
   c. Faces many competition
   d. Has no barriers to entry

10. In the Slutsky decomposition, the substitution effect is calculated by:
   a. Holding money income constant
   b. Holding utility constant
   c. Holding price constant
   d. Holding quantity constant

11. According to the Slutsky Equation, which term captures the effect of a price change on real income?
   a. The substitution effect
   b. The income effect
   c. The marginal rate of substitution
   d. The indifference curve

12. In revenue analysis AR implies:
   a. Aero Rate
   b. Annual Rate
   c. Average Rate
   d. None of the above

13. Marginal revenue is the addition to.....
   a. Total Revenue
   b. Variable Product
   c. Average Revenue
   d. Fixed Product

14. Which of the following is a characteristic of perfect competition?
   a. Few sellers dominate the market
   b. Firms have significant control over price
   c. Products are homogeneous
   d. High barriers to entry

15. What does a budget line represent?
   a. The amount of income saved by a consumer
   b. The maximum output a firm can produce
   c. All combinations of two goods a consumer can buy with a given income at given prices
   d. The production possibilities of two goods

16. If a perfectly competitive firm increases its output, what happens to the price it receives?
   a. It decreases
   b. It increases
   c. It remains the same
   d. It depends on elasticity

17. What is the shape of the demand curve faced by an individual firm in perfect competition?
   a. Downward sloping
   b. Upward sloping
   c. Vertical
   d. Horizontal

18. For a monopoly firm, which of the following is always true?
   a. MR = AR
   b. MR > AR
   c. MR < AR
   d. MR is constant

19. If the price of good Y falls and the price of good X and income stay constant, the budget line:
   a. Rotates outward around the X-intercept
   b. Shifts inward
   c. Becomes vertical
   d. Rotates inward around the Y-intercept

20. Under the total revenue and total cost approach, a producer is in equilibrium when:

a. Total revenue is greater than total cost
b. Total revenue equals total cost
c. The difference between total revenue and total cost is maximum
d. Marginal cost equals marginal revenue

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Descriptive

Time : 2 Hr. 30 Mins. **Marks : 50**

[Answer question no.1 & any four (4) from the rest]

1. Explain the law of variable proportion with a suitable diagram. 10

2. What is intertemporal choice? Illustrate and explain the intertemporal budget constraint with different cases. 2+8=10

3. Define Isoquant. Explain the properties of Isoquant. 2+8=10

4. What are consumer preferences in choice theory? Explain utility and the three key assumptions behind preferences. 3+4+3=10

5. Illustrate the Firm and Industry equilibrium under Perfect Competition. 10

6. Explain the concept of Income and Substitution Effects. 5+5=10

7. Discuss the key features of a monopoly market structure. How does the monopolist's price and output differ from that of a perfectly competitive market? Illustrate your answer with appropriate diagrams. 5+5=10

8. What is a budget line or budget constraint? Discuss its key properties and the factors that cause it to shift. 2+3+5=10

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