REV-01
BEC/07/12

2025/12

SET A

BA ECONOMICS
FIRST SEMESTER
MICROECONOMICS-I
BEC – MAJ –111
[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 central problem of an economy arises because of:
   a. Unlimited resources
   b. Scarcity of resources
   c. Limited wants
   d. Excess production

2. Opportunity cost is
   a. Cost of labour
   b. Cost of raw materials
   c. Next best alternative forgone
   d. Wages paid to workers

3. Law of Demand states that
   a. Price ↑ Quantity ↑
   b. Price ↑ Quantity ↓
   c. Price constant
   d. None

4. If two goods are substitutes, cross elasticity will be
   a. Zero
   b. Negative
   c. Positive
   d. One

5. According to Law of Diminishing Marginal Utility, as consumption of a good increases, marginal utility
   a. Increases continuously
   b. Decreases continuously
   c. Remains constant
   d. Becomes negative from the first unit

6. Marginal utility means
   a. Utility from all units consumed
   b. Addition to total utility from an extra unit
   c. Maximum utility
   d. Zero utility

7. Indifference curves are convex to the origin because of
   a. Increasing marginal rate of substitution
   b. Constant marginal rate of substitution
   c. Diminishing marginal rate of substitution
   d. Zero marginal rate of substitution

8. Isoquant represents
   a. Cost combinations
   b. Utility combinations
   c. Price combinations
   d. Output combinations

9. Microeconomics mainly deals with
   a. Behaviour of individual consumers and firms
   b. National income and employment
   c. General price level in an economy
   d. Fiscal policy of government

10. The Average Product (AP) of a factor is obtained by
   a. Dividing Total Product (TP) by Marginal Product (MP)
   b. Dividing Marginal Product (MP) by Total Product (TP)
   c. Dividing Total Product (TP) by the number of units of the variable factor
   d. Dividing Total Product (TP) by fixed factor

11. The Law of Variable Proportions operates in
   a. Short run only
   b. Long run only
   c. Both short and long run
   d. Neither short nor long run

12. Under perfect competition, a firm is a
   a. Price maker
   b. Price taker
   c. Price discriminator
   d. Monopoly seller

13. Price elasticity of demand measures
   a. The change in income due to change in demand
   b. The responsiveness of price to a change in supply
   c. The change in supply due to change in demand
   d. The responsiveness of demand to change in price

14. If the percentage change in quantity demanded is greater than the percentage change in price, demand is
   a. Perfectly inelastic
   b. Unit elastic
   c. Elastic
   d. Inelastic

15. A budget line shows
   a. The combinations of goods that give equal satisfaction
   b. The combinations of goods a consumer can buy with a given income and prices
   c. The combinations of goods that yield maximum profit
   d. The combinations of goods that are free of cost

16. When the price of one good falls, the budget line
   a. Shifts to the left
   b. Becomes steeper
   c. Rotates outward from the other axis
   d. Moves parallel inward

17. A monopoly market is one in which
   a. There is only one seller and many buyers
   b. There are few sellers and many buyers
   c. There are many sellers and many buyers
   d. There are many sellers but one buyer

18. When output increases more than proportionately to an equal increase in all inputs, it is called
    a. Constant returns to scale
    b. Increasing returns to scale
    c. Decreasing returns to scale
    d. Negative returns to scale

19. The Law of Supply states that
    a. Price and quantity supplied are inversely related
    b. There is no relation between price and supply
    c. Supply remains constant when price changes
    d. Price and quantity supplied are directly related

20. Which of the following is an example of substitute goods?
    a. Tea and coffee
    b. Pen and ink
    c. Car and petrol
    d. Bread and butter

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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 demand and illustrate it with a demand schedule & diagram. 10

2. What is an indifference curve? Explain its properties with suitable diagrams. 2+8=10

3. What is perfectly elastic demand? The price of a commodity rises from ₹10 to ₹12 per unit. As a result, the quantity demanded falls from 100 units to 80 units. Calculate the price elasticity of demand and interpret the result. 2+8=10

4. What is a budget line? Explain how a consumer attains equilibrium using the indifference curve and budget line approach. 2+8=10

5. Explain the Law of Variable Proportions with the help of a diagram. What are its different stages? 2+8=10

6. Describe the short-run and long-run production function with the help of Total Product (TP), Average Product (AP) and Marginal Product (MP) curves. 10

7. What is a market? Explain the different types of market structures in economics. 2+8=10

8. What is perfect competition? Explain the price and output determination of a firm under perfect competition in the short run. 2+8=10

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