MA ECONOMICS
FIRST SEMESTER
MICRO ECONOMIC ANALYSIS -I
MEC-101

Duration: 3 Hrs.   Marks: 70

PART : A (OBJECTIVE) = 20
PART : B (DESCRIPTIVE) = 50

[PART-B : Descriptive]

Duration: 2 Hrs. 40 Mins.   Marks: 50

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

1. What is Utility? Critically explain the law of Diminishing Marginal   2+8=10
   Utility.

2. Define Economics. Discuss about Nature and Scope of Economics.   2+8=10

3. What do you mean by Scale of preference? Explain the properties of   2+8=10
   Indifference curve with the help of diagrams.

4. Explain the Axiom "Choice Reveals Preference". Critically explain   4+6=10
   Samuelson's Revealed Preference Theory.

5. Discuss Consumer's Surplus. Mention four difficulties in measuring   6+4=10
   Consumer's Surplus.

6. Given a production function for a Cobb- Douglas technology Q= A $L^{\alpha} K^{\beta}$ 1+4+5=
   , Define and explain each of the following terms in the context of the   10
   above technology:

a) Marginal rate of technical substitution.

b) Elasticity of substitution.

7 Explain the concept of an isoquant with the help of a diagram. What are   3+3+4=
   the various properties of an isoquant? Explain the various types of   10
   isoquant with the help of diagram.

8 What are the accounting costs of your University education? What are   3+2+2+
   the economic costs? How do they compare? Explain the relationship   3=10
   between Marginal cost (MC) and Average cost (AC).

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[PART-A : Objective]

<u>Choose the correct answer from the following :</u>   1×20=20

1. The book authored by Adam Smith, " An enquiry into the Nature and causes of Wealth of Nations" was Published in--------------.

    a. 1876   c. 1932
    b. 1776   d. 1890

2. "Nature and Significance of Economic Science" was written by -------------.

    a. P. A. Samuelson   c. Alfred Marshall
    b. David Ricardo   d. Lionel Robbins

3. "A Revision of Demand Theory" was written by------------.
    a. Alfred Marshall
    b. Paul Samuelson
    c. Joan Robinson
    d. J. R. Hicks

4. In case of Giffen goods, when the price falls ------------

    a. Demand does not change   c. Demand rises
    b. Demand falls   d. None of these

5. The------------------------ tried to build up the science of Economics with the help of Deductive Method.
    a. Classical School
    b. Historical School
    c. Modern School
    d. None

6. In case of substitute cross elasticity of Demand is---------------.
    a. Positive
    b. Negative
    c. Zero
    d. Infinite

7. The concept of "Scale of Preference" is related to -------------.
    a. Marginal Utility Theory
    b. Demand Theory
    c. Indifference Curve Theory
    d. Revealed Preference Theory

8. Which of the following statements will represent demand in Economics?
    a. Non-availability of essential commodities
    b. Desire to obtain more commodities to raise the standard of living
    c. Ability of the consumer to buy essential goods
    d. The willingness and ability of the consumer to buy commodities at a given price and time.

9. Which of the following economists is associated with the famous paradox of value?
    a. Ricardo
    b. Smith
    c. Marx
    d. Keynes

10. What is the underlying force of Demand?
    a. Utility   c. Elasticity of Demand
    b. Supply   d. None of these

11. The Marginal Utility curve of a commodity is--------------.
    a. The Demand curve of the consumer
    b. The opposite of demand curve
    c. The curve parallel to X- axis
    d. The curve parallel to Y- axis

12. The concept of Consumer's Surplus was given by-------------.
    a. Smith   c. Marshall
    b. Ricardo   d. Keynes

13. For a cobb-Douglas production function $Q= A L^\alpha K^{1-\alpha}$, the elasticity of substitution is

    a. Zero   c. One
    b. Infinity   d. A

14. Which of the following conditions specify the least cost-output combination?

    a. $P_L / P_K = MRTS.$

    b. $P_L / P_K = MP_L / MP_K$

    c. $MP_K / MP_L = dL / dk$

    d. All of These

15. Implicit Cost Are--------------.
    a. Equal to total fixed costs
    b. Comprised entirely of variable costs.
    c. "Payments" for self-employed resources.
    d. Always greater in the short run than in the long run.

16. The short run is a time period in which------------.

    a. All resources are fixed
    b. The level of output is fixed
    c. The size of the production plant is variable
    d. Some resources are fixed and others are variable

17. When the total product curve is falling the---------------.
    a. Marginal product of labour is zero
    b. Marginal product of labour is negative
    c. Average product of labour is increasing
    d. Average product of labour must be negative

18. In the short run, when the output of a firm increases, its average fixed cost-------------.
    a. Remains constant
    b. Decreases
    c. Increases
    d. First decreases and then rises

19. When a firm doubles its inputs and finds that its output has more than doubled, this is known as------------.
    a. Economies of scale
    b. Constant returns to scale
    c. Diseconomies of scale
    d. Increasing average total costs

20. If all resources used in the production of a product are increased by 20 percent and output increases by 20 percent, then there must be ----------.
    a. Economies of scale
    b. Constant returns to scale
    c. Diseconomies of scale
    d. Increasing average total costs

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Course : ....

Semester : .... Roll No : ....

Enrollment No : .... Course code : ....

Course Title : ....

Session : .... 2017-18 .... Date : ....

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Full Marks	Marks Obtained
20	

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Scrutinizer's Signature   *Examiner's Signature*   *Invigilator's Signature*