

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

**SET
A**

[USE OMR SHEET FOR OBJECTIVE PART]

Duration: 3 hrs.

Full Marks: 70

Time: 30 mins.

(Objective)

Marks: 20

Choose the correct answer from the following:

1 × 20 = 20

- Long Run Average cost curve is of U shape because of
 - Economies of scale
 - Law of variable proportion
 - Social cost
 - Diminishing marginal utility
- A consumer attains equilibrium, in case of one commodity, when
 - $MU_x = P_x$
 - $MU_x > P_x$
 - $MU_x < P_x$
 - $MU_x = 0$
- At the point of inflexion of the total product curve, marginal product is
 - Constant
 - Minimum
 - Maximum
 - Zero
- Which of the following is not the property of indifference curves?
 - Higher the indifference curves, the higher are the level of satisfaction.
 - Indifference curve is downward sloping.
 - Indifference curve is concave to origin.
 - Two indifference curves cannot intersect each other.
- Cost curve shifts downward because of
 - External diseconomies
 - Internal diseconomies
 - Internal economies
 - External economies
- If $e < 1$, the commodity is
 - Luxurious
 - neutral
 - Necessary
 - Free good
- Which of the following is a rectangular hyperbola curve?
 - SAC
 - AVC
 - AFC
 - LAC
- Cobb- Douglas production function is
 - homogeneous of degree > 1
 - homogeneous of degree = zero
 - homogeneous of degree = 1
 - homogeneous of degree < 1
- Slope of Iso cost line
 - $= w/r$
 - $= r/w$
 - $= w.r$
 - $= 0$

10. Distance between successive isoquants becomes less and less in case of
- Increasing returns to scale
 - Decreasing returns to scale
 - Constant returns to scale
 - Law of variable proportion
11. The transformation curve is derived from the
- Consumption curve
 - Utility possibility curve
 - Production contract curve
 - Social welfare function
12. Price line is same as
- Production possibility frontier
 - Iso cost line
 - Budget line
 - MR curve under perfect competition
13. If elasticity of demand is zero, the demand curve will be
- Parallel to X-axis
 - Parallel to vertical axis
 - Upward sloping 45° line
 - Downward sloping from left to right
14. Cross elasticity of demand for a pair of substitute goods will be:
- positive
 - unitary
 - negative
 - infinite
15. In case of complementary goods, the cross elasticity of demand will be:
- Negative
 - zero
 - unitary
 - Infinite
16. Who propounded water diamond paradox?
- Alfred Marshall
 - Adam Smith
 - Jevons
 - JR Hicks
17. Elasticity of demand at different points on a demand curve
- Remains same on each point
 - Keeps changing at different points
 - Changes after an interval
 - None of the above
18. If more of a commodity is demanded at the same price or the same quantity is demanded at a higher price, is known as
- Extension of demand
 - Contraction of demand
 - Increase in demand
 - Decrease in demand
19. The area which lies below demand curve measures;
- Marginal utility
 - Total utility
 - Total income
 - Marginal cost of production
20. We can derive demand curve from
- Income consumption curve
 - Engel's curve
 - Price consumption curve
 - None of the above

(Descriptive)

Time : 2 Hr. 30 Mins.

Marks : 50

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

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|---|--------|
| 1. What is an Isoquant? State the properties of an Isoquant. Explain the least cost combination of factors by a suitable diagram. | 10 |
| 2. Distinguish between the followings:
a) Economic cost and Opportunity cost
b) Economies of scale and diseconomies of scale
c) Average revenue and marginal revenue
d) Marginal cost and marginal product
e) Average fixed cost and average variable cost | 2×5=10 |
| 3. Explain the concept and features of the Law of variable proportion with diagram. | 10 |
| 4. State the Cobb Douglas production function and explain the properties. | 2+8=10 |
| 5. Explain Slutsky's theorem on price effect, income effect and substitution effect for normal goods with suitable diagram. | 10 |
| 6. Explain the derivation of demand curve from total utility and marginal utility curve with suitable diagram. Also explain the leisure income trade off with indifference curve. | 5+5=10 |
| 7. Explain the concept of utility maximization with indifference curve and budget line. | 10 |
| 8. What is Giffen good? Explain <i>any three</i> methods of measurement of elasticity of demand. | 1+9=10 |

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