TDC (CBCS) Odd Semester Exam., 2020
held in March, 2021

ECONOMICS

(5th Semester)

Course No. : ECOGE–501T

(Principle of Microeconomics)

Full Marks : 70
Pass Marks : 28

Time : 3 hours

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

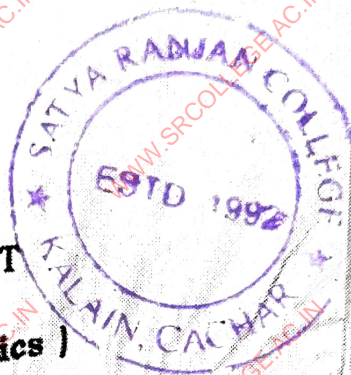SECTION—A   1×20=20

Answer any *twenty* questions :

1. Define an economy.

2. What is meant by scarcity?

3. Define opportunity cost.

4. Give one example of inelastic demand.

(Turn Over)

21/436

5. Choose the correct option :

In a centrally planned economy, all important decisions regarding production, consumption and distribution are made by the ____.

(market/government)

6. Mention one factor that gives rise to the problem of choice in economics.

7. What is economic system?

8. Define elasticity of demand.

9. What is budget line?

10. Define utility.

11. What does an indifference map indicate?

12. What is a Giffen good?

13. Define consumption bundle.

14. What is diminishing rate of substitution?

15. Choose the correct option :

In economics, it is generally assumed that a consumer is a _____ consumer.

(rational/irrational)

16. What does rationality of the consumer indicate?

17. Fill in the blank :

TC = TFC + _____

18. How can you define marginal cost at zero level of output?

19. Define cost of production.

20. What is average cost of production?

21. Define revenue.

22. What is marginal revenue?

23. Write True or False :

When marginal revenue is zero, total revenue is maximum.

(Turn Over)

24. What is supply curve?

25. What does the production function of a firm refer to?

26. Write True or False :

In the production process, producer combines the inputs and produces output.

27. What does constant returns to scale imply?

28. Write True or False :

Isoquants are positively sloped.

29. What is output?

30. Define isocost lines.

31. What is meant by producer's equilibrium?

32. What is average product?

33. What is perfect competition?

34. Write True or False :

In perfect competition, AR = MR.

35. What is the shape of demand curve under perfect competition?

36. Define homogeneous product.

37. What is normal profit?

38. Choose the correct option :

Under a perfectly competitive market, each buyer and seller is a _____.

(price taker/price maker)

39. What is shutdown point of a firm?

40. Write True or False :

At the point of equilibrium of a firm under perfect competition, $P = AC = MC$.

SECTION—B

2×5=10

Answer any *five* questions :

41. Mention two assumptions of law of demand.

42. Distinguish between elastic demand and inelastic demand.

43. What is substitution effect?

(Turn Over)

44. Distinguish between cardinal utility and ordinal utility.

45. Distinguish between economics and dis-economics of scale.

46. What is consumer's surplus?

47. Distinguish between returns to scale and returns to a factor.

48. State two reasons behind the working of the law of diminishing marginal product.

49. Distinguish between market price and normal price.

50. Why marginal cost curve (MC) cuts marginal revenue curve (MR) from below and not from above?

SECTION—C

Answer *any* **five** questions

51. Discuss in brief the central problems of an economy. Point out three causes responsible for central problems in an economy. 5+3=8

12. Explain the law of demand with the help of a demand schedule and a curve. Give two reasons why it slopes downwards to the right.   6+2=8

13. What is an indifference curve? Briefly explain its properties.   2+6=8

14. Explain with the help of a diagram, the law of diminishing marginal utility. State two exceptions of the law.   6+2=8

15. Distinguish between fixed cost and variable cost. Explain the shape of short-run average cost curve.   3+5=8

16. Show the relationship between average cost (AC) and marginal cost (MC) with the help of a diagram.   8

17. What are isoquants? Briefly explain its properties.   2+6=8

18. State and explain the law of variable proportions with the help of a diagram. Mention its two limitations.   6+2=8

59. Distinguish between perfect competition and pure competition. Discuss in brief the long-run equilibrium of a firm under perfect competition.   3+5=8

60. Write short notes on the following :   4+4=8

(a) Determinants of a firm's supply curve under perfect competition

(b) Features of perfect competition

★ ★ ★