'समानो मन्त्रः समितिः समानी'

UNIVERSITY OF NORTH BENGAL

B.A./B.Sc. Honours 1st Semester Examination, 2021

CC1-ECONOMICS

INTRODUCTORY MICROECONOMICS

Time Allotted: 2 Hours | Full Marks: 60

The figures in the margin indicate full marks.

GROUP-A

1. Answer any ***four*** questions from the following: 3×4 = 12

(a) In a supply and demand diagram, show producer and consumer surplus at the market equilibrium. 3

(b) Explain the shape of an indifference curve when commodities are consumed in Fixed proportion. 3

(c) Distinguish between compensated and ordinary demand functions. 3

(d) Distinguish between MRS and MRTS. 3

(e) If a 3% increase in the price of good X, causes a 6% decline in the quantity demanded, what is the price elasticity of demand? 3

(f) Explain the relationship between AC and MC with the help of a suitable diagram. 3

GROUP-B

Answer any *four* questions from the following 6×4 = 24

2. What do you mean by cross-price elasticity? Distinguish between Complementary goods and Substitute goods using the concept of cross-price elasticity. 2+4

3. Define expansion path. Prove that the expansion path of the Cobb-Douglas production function is a linear one. 2+4

4. Explain the law of variable proportion with the help of a suitable diagram. 6

5. Explain the law of diminishing marginal utility with a suitable example. 6

6. Derive an Engel curve from ICC curve. 6

7. Establish the relationship between price elasticity of demand, AR and MR and explain the significance of the relationship. 6

GROUP-C

Answer any *two* questions from the following 12×2 = 24

8. Explain why the long-run cost curve is also known as the envelope curve? 12

9. Derive the demand curve from the Price Consumption Curve (PCC). Comment on the price elasticity of demand when PCC is 6+6
   (i) downward sloping
   (ii) vertical straight line.

10. Distinguish between the Hicksian approach and Slutsky approach relating to the decomposition of price effect into income and substitution effect. 12

11. Explain consumer equilibrium with the help of indifference curve and budget line. 12

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