Course Code
BEC – 01

Term End Examination - December, 2019

INTRODUCTORY MICROECONOMICS

Bachelor of Arts (Honours) in Economics (BAEC)

Time : 3 hours   *Full Marks* : 100

The figures in the right-hand margin indicate marks

Answer **all** Groups as directed

Group—A

1. Answer *all* the questions, each within *1* word :   1×10=10

  (a) The word economy comes from the Greek word _____.

  (b) A market with large number of buyers and sellers so that each has a negligible impact on the market price is known as _____ market.

  (c) Two goods for which an increase in the price of one leads to a decrease in the demand for the other is known as _____.

(d) The price that balances quantity supplied and quantity demanded is _____.

(e) The elasticity of demand is equal to _____ in case of perfectly elastic demand.

(f) _____ shows various combination of two products that give same amount of satisfaction.

(g) In case of right angled indifference curve the goods are perfect _____.

(h) A firm average fixed cost is Rs. 20 at 6 units of output. What will it be at 4 units of output?

(i) What is the first order condition for the profit of a firm under perfect competition?

(j) Under perfect competition in input market MRP is _____ to VMP.

(k) Explain the linkages among factors of production.

(l) Explain the important features of a competitive market.

Group—D

4. Answer any *four* questions each within *500* words :   10×4=40

(a) Define the equilibrium of a market. How is equilibrium price determined in a free market?

(b) Define price elasticity of demand. Discuss the determinants of price elasticity of demand.

(c) Show that price effect is a combination of income effect and substitution effect.

(d) Describe the reasons for 'U' shape of the LAC curve. Can you think of other shape of LAC curve?

(e) Explain diagramatically firms long run decision to exist or enter a market.

(f) Examine how wage rate brings equilibrium in the labor market.

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Group—C

3. Answer any *ten* questions each within *75* words :   3×10=30

(a) Explain circular flow diagram.

(b) State the law of supply.

(c) Indifference curve is convex to the origin. Explain.

(d) Describe the importance of graph in economics.

(e) Explain the economics of scale.

(f) Discuss the relationship between Average cost and Marginal cost.

(g) Describe the Short-run Shut down decision of the firm.

(h) Explain the conditions of profit maximisation.

(i) State the conditions of consumer's equilibrium in terms of indifference curve analysis.

(j) What causes labor demand curve to shift?

Group—B

2. Answer any *ten* questions each within *2* sentences :   2×10=20

(a) What is scarcity in economics?

(b) Explain opportunity cost.

(c) Explain production possibility curve.

(d) Why do economist make assumptions?

(e) State the law of demand.

(f) Define cross elasticity of demand.

(g) What is budget constraint?

(h) Explain indifference map.

(i) What is fixed cost?

(j) Describe the meaning of Marginal Cost.

(k) Define VMP_L.

(l) What is production function?