

Term End External Examination 1<sup>st</sup> Semester (Session-Feb 2025)

Subject: Economics

Course No and Title: ECO22M/ Basic Microeconomics

Time: 2.15 hours

Max Marks:100

Min. Marks:40

Section A: Objective Type Questions

- Q1. Choose the appropriate Answer: (8x1.5=12)
- Economics enquires into the nature and causes of the wealth of nations is advocated by  
A JM Keynes                      B Lionel Robbins  
C Adam Smith                      D Jacob Viner
  - What is basic economic problem  
A Problem of scarcity              B Problem of abundance  
C Problem of equilibrium          D None of the above
  - The value of Price elasticity varies between  
A 0 and 1                              B -1 and +1  
C 1 and infinity                      D 0 and infinity
  - With the change in price of X, there is a change in demand of Y, it is known as  
A Income elasticity of demand      B Price elasticity of Demand  
C Cross elasticity of demand          D None of the above
  - The concept of Ordinal Utility is related to  
A Alfred Marshall                      B JR Hicks  
C Stanley Jevons                      D Paul Samuelson
  - Which of the following is true for Cardinal Utility analysis?  
A Cardinal measurability of Utility      B MU is measurable in terms of money  
C Utilities are independent          D All of the above
  - Economic Costs is equal to  
A Explicit costs – implicit costs      B Explicit costs + implicit costs  
C Accounting costs + explicit costs      D None of the above

- viii. Average Revenue (AR) is equal to  
A Quantity of Product divided by price  
B Total Revenue divided by quantity of product  
C Total Price divided by total Revenue  
D Total Revenue divided by price

Section-B: Descriptive Type Questions (Short Type)

- Q2: Answer all the Questions (8 x 4 =32)
- Define Opportunity cost.
  - Explain the term, “*Problem of How to Produce*”.
  - Define the term, “Market Demand”.
  - Explain the term, “Shift in Demand Curve”.
  - Define the term, “Cardinal Utility”.
  - What is MRS?
  - Define Isoquants.
  - Define average fixed cost with the help of an example.

Section – C: Descriptive Type Questions (Medium Type)

Answer all the questions: (4 x 7=28)

- Q3. Distinguish between microeconomics and macroeconomics.
- OR**
- Explain deductive methods of economic generalization.
- Q4. Explain Law of Demand with the help of a suitable diagram.
- OR**
- Discuss various factors which determine the market demand for a commodity.
- Q5. Explain Law of Diminishing Marginal Utility with the help of a suitable example.

**OR**

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Discuss various properties of Indifference curves.

- Q6.** Returns to scale may be constant, increasing and decreasing. Explain with the help of diagram.

**OR**

Discuss TR, AR and MR. Explain with the help of a simple example.

**Section – D: Descriptive Type Questions (Long Type)**

**Answer any two of the following: (2 x 14=28)**

- Q7.** Discuss production possibility curve with the help of a diagram. Also explain the shift in production possibility curve.
- Q8.** Discuss Elasticity of demand. Also discuss various types of Elasticity of Demand.
- Q9.** Explain budget line. Discuss consumer's equilibrium with the help of Indifference curve analysis.
- Q10.** Define the Law of Variable Proportion. Explain three stages of Production with the help of a suitable diagram.