



**2022/TDC/ODD/SEM/  
ECOHCC-301T/454**

**TDC (CBCS) Odd Semester Exam., 2022**

**ECONOMICS**

**( Honours )**

**( 3rd Semester )**

Course No. : ECOHCC-301T

**( Intermediate Microeconomics—I )**

Full Marks : 70

Pass Marks : 28

Time : 3 hours

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

**UNIT—I**

1. Answer any *two* of the following questions :

2×2=4

- (a) Write two assumptions of indifference curve.
- (b) What happens to the marginal rate of substitution as you move along a convex indifference curve?
- (c) Can a set of indifference curves be upward sloping? If so, what would this tell you about the two goods?



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2. Answer any *one* of the following questions : 10

- (a) Illustrate consumer's equilibrium with the help of indifference curve and budget constraints using suitable diagram. Why does MRS between two goods must equal the price ratio of the goods for the consumer to maximise satisfaction? 6+4=10
- (b) Use indifference curve analysis to derive the Marshallian demand curve for a normal good. What are shortcomings of the indifference curve technique? 5+5=10

UNIT—II

3. Answer any *two* of the following questions :

2×2=4

- (a) Differentiate between a price consumption curve and a demand curve.
- (b) Define compensated demand curve. Can the compensated demand curve be upward sloping?
- (c) For two perfect complement goods, draw the appropriate price consumption and income consumption curves.

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4. Answer any *one* of the following questions : 10

- (a) Distinguish between income and substitution effects. Decompose the price effect into the income and substitution effects using Slutsky equation/method. 3+7=10
- (b) "All Giffen goods are inferior but all inferior goods are not Giffen." Explain the statement. Derive the income consumption curve in case of inferior good. 6+4=10

UNIT—III

5. Answer any *two* of the following questions :

2×2=4

- (a) Define the concept of production cost and implicit cost.
- (b) Assume that the marginal cost of production is greater than the average variable cost. Can you determine whether the average variable cost is increasing or decreasing? Briefly explain.
- (c) Why fixed cost does not enter into marginal cost of production?

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( Turn Over )



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6. Answer any *one* of the following questions : 10

- (a) How would you derive a Long-Run Average Cost (LRAC) curve? Why are the LRAC curves flatter than the short-run AC curve? Explain. 6+4=10
- (b) If the firm's AC curves are U-shaped, why does its AVC curve achieve its minimum at a lower level of output than the average total cost curve? (Use diagram)

UNIT—IV

7. Answer any *two* of the following questions : 2×2=4

- (a) Why does production eventually experience diminishing marginal returns to labour in the short run?
- (b) Write the difference between a production function and an iso-quant.
- (c) What is meant by scale of production?

8. Answer any *one* of the following questions : 10

- (a) Distinguish between laws of return and returns to scale. Is it possible to have diminishing returns to a single factor of production and constant returns to scale at the same time? Discuss. 4+6=10

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- (b) Describe the production function with technical progress. How does a long-run production function differ from a short-run production function? 6+4=10

UNIT—V

9. Answer any *two* of the following questions : 2×2=4

- (a) Why would a firm that incurs losses choose to produce rather than shut down?
- (b) Why do firms enter an industry when they know that in the long run economic profit will be zero?
- (c) What is the supply curve of a competitive firm in the short run?

10. Answer any *one* of the following questions : 10

- (a) What assumptions are necessary for a market to be perfectly competitive? How do you derive a long-run supply curve of a firm under perfect competition? 4+6=10
- (b) What are the conditions of equilibrium of the perfectly competitive industry? Discuss how the perfectly competitive industry attains equilibrium in the long run. 3+7=10

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