

Ex/CBCS/ECO/B/C1.1 (Old)/2025

BACHELOR OF ARTS EXAMINATION, 2025

(1st Year, 1st Semester)

DEPARTMENT OF ECONOMICS

Course : ECO/B/C1.1

(Introductory Microeconomics)

Time : Two Hours

Full Marks : 30

Answer *any five* questions out of seven questions. 6×5=30

1. “The introduction of seat belts can lead to an increase in pedestrian deaths. This increase needs to be countered by the other policies.” Evaluate this statement critically, agreeing or disagreeing with it and stating reasons for your agreement of disagreement. 6
2. Draw indifference curves for perfect substitutes after writing out the utility function. Under what conditions are multiple consumer equilibria possible? Give reasons for your answer. 3+1+2=6
3. “Whether a good is normal or inferior depends on the income of the consumer.” Do you agree with this statement? Give reasons. Can all the goods consumed by a consumer be inferior? Give reasons. 1+2+1+2=6

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[Turn Over]

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4. “Discount coupons in newspapers are a means of implementing price discrimination”. Do you agree with this statement? Give reasons. Why do movie halls offer discounts to senior citizens in some countries? 1+2+3=6
5. “A U-shaped marginal cost curve is associated with a discontinuity in the firm level supply curve under perfect competition”. Explain the statement. Draw the market level supply curve and explain its shape. 3+3=6
6. Explain how the market demand curve for labour is derived in the case of a perfectly competitive market. What will happen if an invention enhances the marginal product of labour? 3+3=6
7. Why does the vertical distance between the Average Total Cost curve and the Average Variable curve always diminish as quantity increases? Explain why an upward sloping Marginal Cost curve is associated with an Average Variable Cost curve which is upward sloping but lies below the Marginal Cost curve. 3+3=6

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