



**2025**  
( FYUGP )  
( 3rd Semester )

**ECONOMICS**  
( MINOR )

Paper Code : EC3.M3

( **Intermediate Microeconomics—I** )

*Full Marks : 75*                      *Pass Marks : 40%*

*Time : 3 hours*

( PART : B—DESCRIPTIVE )

( *Marks : 50* )

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

Answer **one** question from each Unit

UNIT—I

1. Define utility function. Explain the axioms of rational choice of consumer theory. 2+8=10
2. Write the indirect utility function. 10

UNIT—II

3. Explain the income effect under normal and inferior goods. 10
4. Discuss the concept of intertemporal choice. 10

UNIT—III

5. What is production function? Explain the concept of returns to scale with the help of diagrams. 2+8=10
6. Explain, with diagrams, the concept of isoquant map and expansion path. 5+5=10

UNIT—IV

7. Explain the relationship among total cost, average cost and marginal cost with diagrams. 10
8. Discuss the short-run cost curves. 10

UNIT—V

9. Explain the factors for causing shifts in the labour demand curve. 10
10. Define marginal revenue product (MRP) of labour. Show how it is used to derive the demand curve of labour. 2+8=10

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**( Intermediate Microeconomics—I )**

( PART : A—OBJECTIVE )

( Marks : 25 )

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

**A.** Put a Tick (✓) mark against the correct answer in the brackets provided : 1×15=15

1. Indifference curves are

- (a) concave to the origin ( )
- (b) convex to the origin ( )
- (c) straight line ( )
- (d) None of the above ( )

2. In utility maximization, equilibrium occurs when

(a)  $MRS = \text{Price ratio}$  ( )

(b)  $MUX = MUY$  ( )

(c)  $TU = MU$  ( )

(d)  $\text{Income} = \text{Expenditure}$  ( )

3. Indifference curves are downward sloping because of the assumption of

(a) completeness ( )

(b) transitivity ( )

(c) more is better ( )

(d) All of the above ( )

4. Giffen goods are those goods whose

(a) price effect is negative and income effect is positive ( )

(b) price effect is positive and income effect is negative ( )

(c) both price effect and income effect are positive ( )

(d) both price effect and income effect are negative ( )

5. The change in the amount demanded of a commodity resulting from a change in the relative price alone, the real income of the consumer remaining constant is

- (a) price effect ( )
- (b) substitution effect ( )
- (c) income effect ( )
- (d) None of the above ( )

6. Revealed preference theory assumes

- (a) constant ordering ( )
- (b) weak ordering ( )
- (c) strong ordering ( )
- (d) multiple ordering ( )

7. For inferior goods, the income effect is

- (a) positive ( )
- (b) negative ( )
- (c) zero ( )
- (d) infinite ( )

8. When  $MP > AP$ , then  $AP$  is

(a) rising ( )

(b) falling ( )

(c) constant ( )

(d) negative ( )

9. Cobb-Douglas production function mainly studies

(a) capital and labour ( )

(b) capital and land ( )

(c) labour and entrepreneur ( )

(d) labour and land ( )

10. The value of elasticity of substitution in case of perfect substitutes is

(a) 0 ( )

(b) 1 ( )

(c)  $\infty$  ( )

(d) Cannot be determined ( )

11. The shape of average fixed cost curve is

- (a) parallel to the  $x$ -axis ( )
- (b) rectangular hyperbola ( )
- (c) inverse S-shaped ( )
- (d) saucer shaped ( )

12. Short-run cost curves are influenced by

- (a) returns to scale ( )
- (b) law of variable proportions ( )
- (c) economies of scale ( )
- (d) learning curve effect ( )

13. The demand for labour is called derived demand because

- (a) it depends on labour supply ( )
- (b) it depends on demand for final goods ( )
- (c) it is independent of wages ( )
- (d) it is determined by fiscal policy ( )

14. A rightward shift in the labour demand curve can be caused by

- (a) fall in product demand ( )
- (b) technological improvement ( )
- (c) decrease in worker productivity ( )
- (d) increase in worker productivity ( )

15. If wage rate  $>$  MRP of labour, then a firm will

- (a) hire more labour ( )
- (b) reduce labour employment ( )
- (c) maintain same land and labour ( )
- (d) increase capital instead of labour ( )

**B.** Write short notes on any *five* of the following :  $2 \times 5 = 10$ .

1. Giffen goods

## 2. Indifference curve

3. Total product

1. 2. 3. 4. 5. 6. 7. 8. 9. 10.

#### 4. Average fixed cost (AFC)

## 5. Utility function

6. Marginal rate of technical substitution (MRTS)

## 7. Derived demand

8. Revealed preference theory

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