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Swaran

Engineering Economics

T1

Total Marks: 20 marks, Time allocated: 45 minutes

Short answer type

Instructions: Read the question properly and answer as per marks allocated.  
You are expected to write descriptively. All the best.

Student MIS No

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Section A: Each question is of max 2 marks

1. What are the 3 fundamental questions of Economics?

Ans: ① Which product to be produced?

② How much is to be produced?

③ When to be produced?

For whom?

2. State 3 differences between Micro Economics and Macro Economics

Ans: Micro economics

(i) Deals with daily household things

(ii) deals with scale needy things like food items etc

No

Macro economics

(i) deals with high scale products that need in industries etc.

(ii) different large scale machines (UTM)

3. What is the difference between need, want and demand.

Ans: [need] The product / things without which we can't survive our life.

[want] The product which are not needy but want it for pleasure then it is what we call as want

[demand] It is for the surplus products like gold, diamonds etc which are scarce in nature

Q. 75

4. Describe the relationship between quantity and price supplied of the product milk.

Ans: If the quantity of milk produced will continuously decrease then there will be scarcity of milk and its milk products hence prices of this will go at peak. and if they are milk is available in abundant then there will be increase in quantity demand and decrease in prices.

5. Role of government in a mixed economy

Ans  
iii

Ans: Government helps people in solving their issues and also collect the taxes from them so that all work go hand in hand efficiently. It means they help people and also collect money from people.

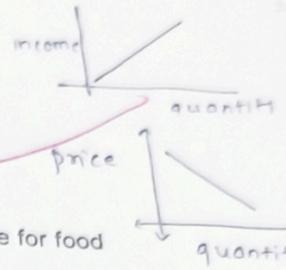
6. Explain Trade off with an example from your daily life

Ans: As I am a student trade off example in my daily life is going to college or instead waste my time in playing or watching movie. I spend money to college to get knowledge and in return get a job and earn money.

either waste money in movie theater and get pleasure.

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Section B: Each question carries 4 marks.



1. Writes short answers to:

- the relationship of quantity demanded with price of gold
- The relationship between quantity demanded and income for food items like rice, wheat and vegetables

Ans:

(i) firstly Quantity demand means the Relation between the price of the product and Quantity that we get after paying for it. Actually it is how much quantity people demand for any of the particular product.

(a) The Relationship of quantity demanded with price of gold:

(i) If person has high income so that he can fulfill his needs and demand both without being a Rational at a margin type of person, then that person has high quantity demand for gold.

(ii) If there is scarcity of Gold the price of gold will rise and demand curve will shift to left hand side and if it is vice-versa then it shifts to right Hand side.

(iii) In total the quantity demand and price of product don't go hand in hand but they are viceversa.

(b) The Relationship between quantity demanded & income for food items like rice, wheat and vegetables:

(i) if income is high then person can prefer both luxurious and needy items (food). and in such case

3. ~~(i)~~ there is High quantity demand.

(ii) person with low income will prefer less quantity product..

(iii) If there is scarcity of production in Rice, wheat vegetables then the demand for that Quantity will be high and prices will increase

And if there is over production then it will have less value in terms of price and common people will prefer it more.

2. Answer the following:

- a. What is utility?

- b. Why is the price of water so less despite high utility. Why is the price of jewellery diamonds so high despite low functional utility.

Ans:

(a) Utility :- it is usefulness of the product to the people society, industries in the given condition which is used to perform some function.

(b)

(i) Most important factor that determines the price of any quantity is its availability and scarcity in the surrounding.

(ii) Yes, water has low price inspite of having in large quantity it is because it is availability is abundant in the nature.

If any quantity is largely present then it will surely have less price and it is major necessary part of our life.

(iii) The price of jewellery diamond is high despite of low functional utility is because they are scarce in nature and cannot be found freely anywhere. But, has to searched and found out.