



Mahindra University Hyderabad
École Centrale School of Engineering
Minor-I (Mid-term)

Program: B. Tech.

Branch: CSE and CM

Year: 2nd year

Semester: 3rd

Subject: Principles of Economics (HS-2102)

Date: 18/09/2023 or 19/09/2023

Time Duration: 90 minutes

Start Time: 02 pm to 3.30 pm
Max. Marks: 40

Instructions:

- 1) Regular calculator is allowed inside the exam hall
- 2) Use pen/pencil and ruler for diagrams
- 3) You are required to comply with the directions given by the head invigilator at the examination venue

Section-A

Answer **ANY FIVE** of the following (5*2=10 Marks)

1. Explain Positive and Normative (Policy) Economics?
2. Define utility and describe cardinal & ordinal Utility?
3. When Aditya's income was \$ 20,000 per month, he would play golf once a month. After his income increased to \$ 50,000 per month, he changed his playing frequency to 5 times a month. Calculate the income elasticity of demand. Based on the income elasticity calculated above, identify the type of good that golf game is.
4. If a firm obtains ₹2,50,000 as total revenue from the sale of 10 computers,
 - a. Calculate the average revenue?
 - b. If the firm obtains ₹3,00,000 from the sale of the 11th computer, compute the marginal revenue of the 11th computer?
5. Differentiate between Microeconomics and Macroeconomics. Cite some real-world examples.
6. Explain the three central problems of economics.

Section-B

Answer **ANY THREE** of the following (3*4=12 Marks)

1. Differentiate between change in demand and change in quantity demanded. Support your answer with a diagrammatic representation.
2. Consider the markets for luxury goods and inferior goods. How does an increase in consumer's income affect the demand curve of these goods, explain the same theoretically as well as graphically?
3. Complete the following table

Output	TVC (VC)	TFC (FC)	TC	AFC	AVC	AC(ATC)	MC
1	100	600	700				
2	150						
3			810				
4	280						
5			960				

4. What is law of supply? Explain the determinants (any four) of quantity supplied?

Section-C

Answer **ANY TWO** of the following (2*9=18 Marks)

1. Discuss the different types of economic systems. Compare and contrast their key characteristics, advantages, and disadvantages.
2. What is price elasticity of demand, give its formula? Explain the various ranges (types) of price elasticity of demand theoretically as well as graphically?
3. Explain the law of variable proportions? Elucidate on the conundrum between total, average and marginal product pertaining to different stages with diagrammatic representation.