



SASTRA
SAKSHI ANTHUSAMITHI
 DEEMED TO BE UNIVERSITY

School of Computing
 First CIA Test – Mar 2023

Course Code:SH

Course Name: Fundamentals of Economics

Duration: 90 minutes Max Marks: 50

PART A

10 x 2 = 20 Marks

What happens to the demand?

(1) When an individual's money income rises (while everything else remains constant),

(2) A change in the individual's tastes for a commodity

Identify the concepts:

(1) The individual's demand curve for steaks will shift up, if the individual's money income rises.

(2) Some commodities (such as bread and potatoes) whose demand curve usually shifts down when the individual's income rises.

P_x	QD_x	QS_x
6	2000	8000
5	3000	6000
4	4000	4000
3	5000	2000
2	6000	0

Determine equilibrium price and the equilibrium quantity for commodity X.

(a) What does the elasticity of demand measure in general? (b) What do the price elasticity of demand, the income elasticity of demand, and the cross elasticity of demand measure in general?

Sketch the demand curve given by $P_x = \$3$, and find its price elasticity.

Illustrates the principle of diminishing marginal utility with a neat diagram.

For each consumer their maximum willingness to pay for SweetbrandCheese cakes are given in the table:

Students	Willingness to buy (Rs.)
Abi	11.65
Sam	17.99
Mary	12.99
Pippin	16.75

	Which of the four consumers receives the most consumer surplus, if the market price of the Cheese cakes is Rs.12.50 each?
8.	Outline Price Ceiling and Price Floor with a neat diagram.
9.	What is 'Giffen Paradox'? Explain with an example.
10.	Explain Deadweight loss with an example.

PART B 3 x 10 = 30 Marks

Part B 5 X 10 = 50 Marks

11.

A vegetable fiber is traded in a competitive world market, and the world price is \$9 per pound. Unlimited quantities are available for import into the United States at this price. The U.S. domestic supply and demand for various price levels are shown as follows:

Price(Rs.)	Demand(Millions)	Supply(Millions)
3	34	2
6	28	4
9	22	6
12	16	8
15	10	10
18	4	12

- What is the equation for demand? What is the equation for supply?
- At a price of \$9, what is the price elasticity of demand? What is it at a price of \$12?
- What is the price elasticity of supply at \$9? At \$12?

12.

Suppose the market for cameras has a supply curve of $P = 30 + Q$, and a demand curve of $P = 240 - 2Q$. Assume that the market is perfectly competitive. a) What will the equilibrium price and quantity of cameras be? b) Calculate the producer and consumer surplus associated with the equilibrium found in part (a). Illustrate on a graph.

From the TU_x schedule

Q_x	0	1	2	3	4	5	6	7	8	9
TU_x	0	7	13	18	22	25	27	28	28	27

13.

- Derive the MU_x schedule (2 marks)
- Plot the MU_x and indicate the saturation point. (2marks)
- Explain the theory behind the concept. (6 marks)



SASTRA
ENGINEERING MANAGEMENT SCIENCES HUMANITIES EDUCATION
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SAKSHI SASTRA

School of Computing
Second CIA Test – May 2023

Course Code: MGT131

Course Name: Fundamentals of Economics

Duration: 90 minutes

Max Marks: 50

PART A

10 x 2 = 20 Marks

1. What is a production function? How does a long-run production function differ from a short-run production function?
2. Define isoquant and isoquants can be convex, linear, or L-shaped. What does each of these shapes tell you about the nature of the production function?
3. The marginal product of labor in the production of laptops is 50 per hour. The marginal rate of technical substitution of hours of labor for hours of machine capital is $1/4$. What is the marginal product of capital?
4. Discuss the features of monopolistic competition.
5. Why does a tax create a deadweight loss? What determines the size of this loss?
6. A monopolist is producing at a point at which marginal cost exceeds marginal revenue. How should it adjust its output to increase profit?
7. How is monopoly different from perfect competition?
8. Briefly explain the reason for the shape of a marginal revenue curve for a perfectly competitive firm.
9. What shapes would you generally expect each of the following cost curves to have: fixed costs, variable costs, marginal costs, average total costs, and average variable costs?
10. What is the relationship between product differentiation and monopolistic competition?

PART B

3 x 10 = 30 Marks

11. Explain how the profit-maximizing rule of setting $P = MC$ leads a perfectly competitive market to be allocatively efficient with an illustration. Explain how price and output is determined in perfect competition.
12. A monopoly faces an inverse market demand of $P = 100 - 0.375Q$, and its total cost of production is given by $C = 1200 + 0.125Q^2$. Solve for the monopolist's profit-maximizing price, quantity, and profit.
13. Explain Income and substitution effect with an example.



SASTRA
SARAJITHA ARTS, SCIENCES, TECHNOLOGY, AND RESEARCH UNIVERSITY

School of Computing
Third CIA Test – Jun 2023

Course Code MGT131

Course Name Fundamentals of Economics

Duration: 90 minutes

Max Marks: 50

PART A

10 x 2 = 20 Marks

1. Write the significance of NFIA.
2. Compare Factor Income and Transfer Income.

Particulars	In Crores
NNP at FC	2000
Depreciation	200
Subsidies	70
Factor Income from Abroad	110
Indirect taxes	180
Factor Income to Abroad	50

Calculate GDP at MP.

4. What does Aggregate Demand mean? List its components.
5. Identify the relationship between MPC and MPS.
6. Identify the type of motive of money in the following cases and explain it.
 - 1) An individual maintains a savings account with a specific emergency fund to cover unexpected medical expenses or job loss.
 - 2) An investor purchases shares of a company's stock based on their anticipation of a future increase in its value.
7. Differentiate induced investment and autonomous investment.
8. Outline the equilibrium of IS-LM model and explain its shape.
9. What is Multiplier and discuss how it is calculated.
10. Discuss Monetary and Fiscal Policy.

PART B **3 x 10 = 30 Marks**

1. Discuss the components of National Income and explain how a nation's output is calculated using these components.
2. Explain various phases of Business Cycle and discuss the impact on some macroeconomic indicators.
3. Elaborate on different types of **unemployment** and its impact.