

**B. E. Sixth Semester (CE/ME/EE) Examination**

**Course Code : GE 1312/GE 404/GE 607      Course Name : Fundamentals of Economics**

Time : 3 Hours / 4 Hours ]

[Max. Marks : 60

**Instructions to Candidates :—**

- (1) All questions are compulsory.
- (2) All questions carry marks as indicated.
- (3) Assume suitable data wherever necessary.

**1. Solve Q. A or Q. B :—**

- (A) (A1) Explain the meaning of utility. 1
- (A2) Calculate price elasticity of demand for following example :  
P1 = 70      D1 = 100  
P2 = 70      D2 = 100 2
- (A3) Explain law of diminishing marginal utility. 5
- (B) (B1) Explain the meaning of Demand. 1
- (B2) Suppose the income of a person is Rupees 1000 and he purchases 20 kg of Fruits I. If his income increases to rupees 2000 he purchases 20 kg of Fruits than what will be the income elasticity of demand for Fruits ? 2
- (B3) As an ordinal approach of utility analysis what are the various properties of an indifference curve. 5

**2. Solve Q. A or Q. B :—**

- (A) (A1) Define the concept of land. 1

(A2) Calculate Variable, Average and Marginal cost :

Sr. No.	Fixed Cost	Variable Cost	Total Cost	Average Cost	Marginal Cost
0	40		40		
1	40		50		
2	40		60		
3	40		70		
4	40		80		

6

(B) (B1) Define the concept of labour.

2

(B2) Calculate Marginal And Average Product :

No. of Labour Unit	Total Product	Marginal Product	Average Product
0		0	
1		5	
2		6	
3		3	
4		0	
5		- 2	

5

3. Solve **Q. A** or **Q. B** :— :—

(A) (A1) Explain various characteristics of Perfect competition.

3

(A2) “Monopoly form known as price maker”. Explain.

5

(B) (B1) What are the various forms of market structure ?

3

(B2) Explain how price and output determined under oligopoly.

5

4. Solve **Q. A** or **Q. B** :—

(A) (A1) What is capital formation ?

3

(A2) “Capital formation is the key resource of economic growth and development of country”. Explain .

4

(B) (B1) Explain GNP at constant and current price.

3

(B2) What is economic development ? Explain various factors affecting economic development. 4

5. Solve any **Three** :—

(A) Define money and explain various functions and role played by money. 5

(B) What do you mean by inflation ? Explain various measures to control inflation. 5

(C) What do you mean by direct tax ? Explain merits and demerits of direct tax. 5

(D) What do you mean by direct credit creation by commercial bank ? 5

6. Solve any **Three** :—

(A) What is the main purpose of the establishment of World Bank ? Explain its role on poverty reduction. 5

(B) What is IMF ? Explain various roles played by IMF. 5

(C) How exchange rate is determined under various types of exchange rate system ? 5

(D) Critically evaluate the various benefits of open economy in context with with present economic situation. 5