

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

**Course Code : GE 1312 / GE 311 /
GE 703**

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) Due credit will be given to neatness and adequate dimensions.

1. Solve Q. A or Q. B :—

- (A) (A1) What is the meaning of Substitution goods ? 1
- (A2) Calculate price elasticity of demand for following example :
 $P_1 = 90$ $D_1 = 100$
 $P_2 = 90$ $D_2 = 150$ 2
- (A3) Explain various types of price elasticity of demand. 5
- (B) (B1) Define supply. 1
- (B2) Suppose the income of a person is \$ 2000 and he purchases 20 liters of milk. If his income increases to \$ 2500 he purchases 30 liters of milk then what will be the income elasticity of demand for milk ? 2
- (B3) Provide diagrammatical representation of diminishing marginal utility. 5

2. Solve Q. A or Q. B :—

- (A) (A1) Explain sum of year digit method for calculating depreciation. 1

(A2) Calculate Total, Average and Marginal cost.

Sr. No.	Fixed Cost	Variable Cost	Total Cost	Average Cost	Marginal Cost
0	40	0			
1	40	10			
2	40	18			
3	40	24			
4	40	32			

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(B) (B1) Define Land And Labour.

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(B2) Calculate Marginal And Average Product.

No. of Labour Unit	Total Product	Marginal Product	Average Product
0	0		
1	3		
2	8		
3	12		
4	14		
5	15		

5

3. Solve Q. A or Q. B :—

(A) (A1) Explain various characteristics of monopolistic market. 3

(A2) What is price discrimination ? Explain degrees of price discrimination. 5

(B) (B1) Define total revenue, average revenue and marginal revenue. 3

(B2) Explain how price and output is determined under oligopoly. 5

4. Solve Q. A or Q. B :—

(A) (A1) What is capital formation ? 3

(A2) Explain concept of GDP and GNP. 4

- (B) (B1) What is NNP and NDP ? 3
- (B2) What is economic development ? Explain various factors affecting economic development. 4
5. Solve any **Three** :—
- (A) What do you mean by indirect tax ? Explain merits and demerits of indirect tax. 5
- (B) What do you mean by inflation ? Explain various measures to control inflation. 5
- (C) What are the various stages of evolution of money ? 5
- (D) What do you mean by 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 are the various fundamental principles of GATT ? 5
- (C) How exchange rate determined under various types of exchange rate system ? 5
- (D) Critically evaluate the various benefits of open economy in context with present economic situation. 5