

B. E. Fifth Semester (EL/ET/CT/IT)/Fifth SoE–2014–15 Examination

Course Code : GE 1312 / GE 306

Course Name : Fundamental 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.
- (4) Assume suitable data wherever necessary.

1. (A) Solve any **One** :—

(A1) Price elasticity of demand of a goods is $e = 1$. The consumer buys 8 units of that goods when its price is Rs. 7 per unit. How many units will be demanded by the consumer if its price rises to Rs 8 per unit ? Answer the question with the help of the Total Expenditure Method of measuring price elasticity of demand. 4

(A2) Kavita advertises to sell cookies for rupees 40 a dozen. She sells 50 dozen, and decides that she can charge more. She raises the price to rupees 60 a dozen and sells 40 dozen. What is the elasticity of demand ? Assuming that the elasticity of demand is constant, how many would she sell if the price were rupees 100 a box ? 4

(B) Solve any **One** :—

(B1) Give the diagrammatical representation of law of diminishing marginal utility. 4

(B2) Provide the representation of indifference curve analysis with suitable example and diagram. 4

(C) Solve any **One** :—

(C1) Brief the substitution and complimentary goods. 2

(C2) Point method to calculate elasticity of demand. 2

2. (A) Solve any **One** :—

(A1) Calculate Total and Marginal cost for following table :

Qty	Average Cost	Marginal Cost	Total Cost
1	31		
2	30		
3	30		
4	31		
5	33		

4

(A2) Calculate Marginal and Average Production :

Labour Units	Total Production	Average Production	Marginal Production
1	10		
2	14		
3	21		
4	32		
5	40		

4

(B) Solve any **One** :—

(B1) Give diagrammatical representation of law of diminishing marginal return. 4

(B2) Write in detail Law of Long Run Production process. 4

(C) Solve any **One** :—

(C1) Differentiate in between Labour and Entrepreneur as. 2

(C2) Sum of year digit method of calculating depreciation. 2

3. (A) Solve any **One** :—

(A1) Complete the following table :

Output (Units)	Price (₹)	Total Revenue (TR in ₹)	Marginal Revenue (MR in ₹)
4	9	36	—
5	—	—	4
6	—	42	—
7	6	—	—
8	—	40	—

4

(A2) In Competitive market, a firm can sell as many goods as it want to sell at **same price**. **Name the competition** and prepare a revenue schedule showing total. Average and Marginal revenue up to **4 units** of such firm.

4

(B) Solve any **One** :—

(B1) What is price discrimination ? Explain degrees and necessary conditions for price discrimination.

4

(B2) What are the various characteristics of differentiation in between various types of market structure ?

4

(C) Solve any **One** :—

(C1) Oligopoly.

2

(C2) Duopoly.

2

4. (A) Solve any **One** :—

(A1) Difference between GDP and GNP.

4

(A2) What is the difference between economic growth and economic development ?

4

(B) Solve any **One** :—

(B1) "Per capita income as a measure of economic well being." Justify.

4

	(B2) What is capital formation ? Present the process of capital formation.	4
	(C) Solve any One :—	
	(C1) GDP at Factor cost.	2
	(C2) What is Net Domestic product ?	2
5.	(A) Solve any One :—	
	(A1) What are the various functions of central bank ?	6
	(A2) What is Inflation ? What are the various causes of inflation ?	6
	(B) Solve any One :—	
	(B1) Evolution of money.	2
	(B2) Difference between direct and indirect tax.	2
	(C) Solve any One :—	
	(C1) What is Stagflation ?	2
	(C2) What is revenue and capital Expenditure ?	2
6.	(A) Solve any One :—	
	(A1) What are the various types of foreign exchange rate ?	6
	(A2) What are the various types of economy ?	6
	(B) Solve any One :—	
	(B1) What is the role of International Monetary Fund in currency convertibility ?	2
	(B2) What are the objectives of World trade organization ?	2
	(C) Solve any One :—	
	(C1) Role of World Bank In poverty elevation.	2
	(C2) What were the pros and cons of GATT ?	2