

Total No. of Questions: 6

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Enrollment No.....



Faculty of Commerce/Management Studies

End Sem (Odd) Examination Dec-2019

CM3EG01 Micro Economics /

MS3EG01 Business Economics-I

Programme: B. Com. Branch/Specialisation: Commerce/
(Hons.)/ BBA Management/DM

Duration: 3 Hrs.

Maximum Marks: 60

Note: All questions are compulsory. Internal choices, if any, are indicated. Answers of Q.1 (MCQs) should be written in full instead of only a, b, c or d.

- Q.1 i. Deductive reasoning involves _____ **1**
(a) Generalising results to the population.
(b) Reasoning from the particular to the general.
(c) Reasoning from the general to the particular
(d) None of these
- ii. Which of the following is NOT a characteristic of scientific thinking? **1**
(a) Empirical Observation (b) Systematic observation
(c) Criticality and scepticism (d) Intuition
- iii. A fall in price: **1**
(a) Will cause an inward shift of demand
(b) Will cause an outward shift of supply
(c) Leads to a movement along a demand curve
(d) Leads to a higher level of production
- iv. If marginal utility is zero: **1**
(a) Total utility is zero
(b) An additional unit of consumption will decrease total utility
(c) An additional unit of consumption will increase total utility
(d) Total utility is maximized

P.T.O.

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- v. In describing a given production technology, the short run is best described as lasting. **1**
 (a) Up to six months from now
 (b) Up to five years from now
 (c) As long as all inputs are fixed
 (d) As long as at least one input is fixed
- vi. The law of _____ deals with input-output relationship, when the output is increased by varying the quantity of one input. **1**
 (a) Variable proportions (b) Supply
 (c) Demand (d) Equi-marginal utility
- vii. Under _____, price is determined by the interaction of total demand and total supply in the market. **1**
 (a) Perfect competition (b) Monopoly
 (c) Imperfect competition (d) All of these
- viii. Oligopoly is a type of _____ market. A _____ exists in the industry **1**
 (a) Perfect, few firms (b) Imperfect, few firms
 (c) Perfect, many firms (d) Imperfect, many firms
- ix. Which theory of profit views profit as a reward for introducing a new product or technique? **1**
 (a) Risk-bearing theory (b) Frictional theory
 (c) Monopoly theory (d) Innovation theory
- x. Lower interest rates are likely to: **1**
 (a) Decrease consumption (b) Increase cost of borrowing
 (c) Encourage saving (d) Increase borrowing and spending
- Q.2 i. Write short note on inductive method. **4**
 ii. Explain the scope of economics with example. **6**
 OR iii. Discuss Marris hypothesis of maximisation of growth rate. **6**
- Q.3 i. Write a short note on budget line. **3**
 ii. Critically explain the law of equi-marginal utility. **7**
 OR iii. Critically describe law of supply. **7**
- Q.4 i. Write a short note on economies and diseconomies. **3**

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- ii. What do you mean by marginal rate of technical substitution? Describe it with table and diagram. Why it is diminishing? Discuss it. **7**
- OR iii. What do you mean by revenue? Explain any three types of revenue. **7**
- Q.5 i. Explain any three characteristics of perfect competition. **3**
 ii. What do you mean by monopolistic competition? Explain the price and output determination of a firm under the monopolistic competition in the short-run and long run. **7**
- OR iii. What do you mean by oligopoly? Explain the price determination of Sweezy model. **7**
- Q.6 i. Write a short note on break even analysis. **3**
 ii. Explain classical theory of interest. **7**
 OR iii. Describe Ricardian theory of rent. **7**

Marking Scheme
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Q.1	i.	Deductive reasoning involves _____		1
		(c) Reasoning from the general to the particular		
	ii.	Which of the following is NOT a characteristic of scientific thinking?		1
		(d) Intuition		
	iii.	A fall in price:		1
		(c) Leads to a movement along a demand curve		
	iv.	If marginal utility is zero:		1
		(d) Total utility is maximized		
	v.	In describing a given production technology, the short run is best described as lasting.		1
		(d) As long as at least one input is fixed		
	vi.	The law of _____ deals with input-output relationship, when the output is increased by varying the quantity of one input.		1
		(a) Variable proportions		
	vii.	Under _____, price is determined by the interaction of total demand and total supply in the market.		1
		(a) Perfect competition		
	viii.	Oligopoly is a type of _____ market. A _____ exists in the industry		1
		(b) Imperfect, few firms		
	ix.	Which theory of profit views profit as a reward for introducing a new product or technique?		1
		(d) Innovation theory		
	x.	Lower interest rates are likely to:		1
		(d) Increase borrowing and spending		
Q.2	i.	Meaning of inductive method	1 mark	4
		One definition	1 mark	
		Discuss the inductive method	2 marks	
	ii.	Six scopes of economics,	(1 mark*6)	6
OR	iii.	Statement of the same	1 mark	6
		Assumption	1 mark	
		Explanation	4 marks	

Q.3	i.	Meaning of Budget line with example and graph		3
	ii.	Definition/Meaning of equi-marginal utility.	1 mark	7
		Assumption	1 mark	
		Explanation with table and diagram	4 mark	
OR		Criticism	1 mark	
	iii.	Definition/Meaning of law of supply	1 mark	7
		Assumption	1 mark	
		Explanation with table and diagram	4 marks	
Q.4		Criticism	1 mark	
	i.	Economies and diseconomies.	(1.5 marks*2)	3
	ii.	Meaning of marginal rate of technical substitution	2 marks	7
		Describe it with table and diagram	4 marks	
OR		Why it is diminishing	1 mark	
	iii.	Define revenue	2 marks	7
		Various types of revenue with table and diagram	5 marks	
	Q.5	Three characteristics of perfect competition.	(1 mark*3)	3
	ii.	Define monopolistic competition	1 mark	7
		Price and output determination of a firm under the monopolistic competition in the short-run and long run.	(1.5 marks*4)	
	OR	iii.	Define oligopoly	7
		Assumption	1 mark	
Q.6		The price determination of Sweezy model.	5 marks	
	i.	Short note on break even analysis.	3 marks	3
	ii.	Statement of classical theory of interest	1 mark	7
		Assumption	1 mark	
OR		Classical theory of interest with diagram	4 marks	
		Criticism	1 mark	
	iii.	Statement of rent	1 mark	7
		Assumptions	1 mark	
		Explain rent theory with diagram	4 marks	
		Criticism	1 mark	
