Enrollment No.....................................

Faculty of Commerce / Management
End Sem (Odd) Examination Dec-2018
CM3EG01 Micro Economics /
MS3EG01 Business Economics-I

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

/ BBA   Management

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.   "An ascending process" is known as.........   **1**
           (a) Inductive   (b) Deductive (c) General   (d) None of these

    ii.   Prof. Baumol's managerial theory of the firm is based on the   **1**
           principal of ...
           (a) Growth Maximization   (b) Sales Maximization
           (c) Profit Maximization   (d) Managerial Discretion

   iii.   Changes in the demand of wheat due to the factor other than its   **1**
           price are known as.......
           (a) Increase   (b) Decrease   (c) Extension (d) Both (a) and (b)

   iv.   Perfectly inelastic demand or zero elastic demand curve is   **1**
           parallel to....
           (a) X-axis   (b) Y-axis
           (c) Goes from origin   (d) None of these

    v.   Total variable cost curve starts from......   **1**
           (a) X-axis   (b) Y-axis   (c) Origin   (d) None of these

   vi.   Law of increasing returns to scale will apply if........   **1**
           (a) Economies exceed the diseconomies
           (b) Economies and diseconomies are equal
           (c) Diseconomies exceed the economies
           (d) In all the above situations.

vii. Conditions essential for price discrimination are...... **1**
    (a) Full control over the supply
    (b) Existence of different markets
    (c) No possibility of resale
    (d) All of these

viii. In ...., competition average revenue is equal to marginal **1**
    revenue
    (a) Perfect   (b) Monopoly
    (c) Monopolistic   (d) None of these

ix. The innovation theory of profit was propounded by………. **1**
    (a) Prof. J. B. Clark   (b) F. B. Hawley
    (c) Prof. Schumpeter   (d) Prof. Frank H. Knight

x. The classical theory of interest is also known as ……….. **1**
    (a) The supply and demand theory of waiting or saving
    (b) The supply and demand theory
    (c) The supply and demand theory of credit
    (d) None of these

Q.2 i. What do you mean by nature of economics? **2**
    ii. Explain the utility and scope of economics in business. **8**
OR iii. Explain Marris' hypothesis of Maximisation of Growth rate. **8**
    Discuss its importance in business.

Q.3 i. Write a short note on cardinal approach to measure utility. **2**
    ii. What do you mean by price elasticity of supply? Explain the **8**
    types of price elasticity of demand. Discuss its importance in
    business.
OR iii. What do you mean by indifference curve? Explain the **8**
    characteristics of indifference curve.

Q.4 i. Write a short note on total cost. **3**
    ii. What do you mean by economies of scale? Explain the **7**
    classification of internal economies and external economies.
OR iii. Explain the law of returns to scale. **7**

Q.5 i. Discuss any two pricing strategies. **2**
    ii. Explain the determination of price and output under the **8**
    monopolistic competition in the short run.
OR iii. What do you mean by monopoly? Explain the determination of **8**
    price and output under the monopoly competition in the short
    run.

Q.6 Attempt any two:
    i. Describe the subsistence theory of wages. **5**
    ii. Elucidate Dynamic theory of profit. **5**
    iii. Explain the classical theory of interest. **5**

*****

<div align="center">

Marking Scheme
CM3EG01 Micro Economics /
MS3EG01 Business Economics-I

</div>

Q.1
i. "An ascending process" is known as......... **1**
(a) Inductive

ii. Prof. Baumol's managerial theory of the firm is based on the principal of ... **1**
(b) Sales Maximization

iii. Changes in the demand of wheat due to the factor other than its price are known as....... **1**
(d) Both (a) and (b)

iv. Perfectly inelastic demand or zero elastic demand curve is parallel to.... **1**
(b) Y-axis

v. Total variable cost curve starts from...... **1**
(c) Origin

vi. Law of increasing returns to scale will apply if........ **1**
(a) Economies exceed the diseconomies

vii. Conditions essential for price discrimination are...... **1**
(d) All of these

viii. In ...., competition average revenue is equal to marginal revenue **1**
(a) Perfect

ix. The innovation theory of profit was propounded by………. **1**
(c) Prof. Schumpeter

x. The classical theory of interest is also known as ……….. **1**
(a) The supply and demand theory of waiting or saving

Q.2
i. Nature of economics **2**
ii. Utility and scope of economics in business **8**
Eight points 1 mark for each (1 mark * 8)
OR iii. Marris' hypothesis of Maximisation of Growth rate **8**
Statement of theory 2 marks
Assumption 1 mark
Explanation of theory 3 marks

Importance in business. 2 marks

Q.3
i. Cardinal approach to measure utility. **2**
ii. Price elasticity of supply 1 mark **8**
Five types of price elasticity of demand 5 marks
Importance in business. 2 marks
OR iii. Indifference curve with table and graph 3 marks **8**
Any five characteristics of indifference curve 5 marks

Q.4
i. Define total cost with table and graph **3**
ii. Economies of scale 1 mark **7**
Classification of internal economies any three 3 marks
Any three external economies 3 marks
OR iii. Statement of law 1 mark **7**
Assumptions 1 mark
Explanation with table and graph 4 marks
Criticism 1 mark

Q.5
i. Any two pricing strategies (1 mark * 2) **2**
ii. Draw any four conditions 2 marks for each (2 marks * 4) **8**
OR iii. Definition of monopoly 2 marks **8**
Draw any three conditions under monopoly
Two marks for each (2 marks * 3) 6 marks

Q.6 Attempt any two:
i. Subsistence theory of wages 4 marks **5**
Criticism 1 mark
ii. Dynamic theory of profit 4 marks **5**
Criticism 1 mark
iii. Classical theory of interest **5**
Statement of theory 1 mark
Explanation with graph 3 marks
Criticism 1 mark

<div align="center">

*****

</div>