



VIT

Vellore Institute of Technology
(Deemed to be University under section 3 of U.G. Act 1956)

School of Social Sciences and Languages
Continuous Assessment Test-1
Februray2024-WinterSemester
(B.tech -All)

Course Code : BHUM103L
Course Name : Microeconomics
Class No : VL2023240505145
Slot : F1+TF1
Faculty-In-Charge : Dr. Shahid Hamid Raina

Duration : 90 Minutes.
Max. Marks : 50 Marks
Date : 16-02-2024
Time : 9:30am-11:00am

Answer All the Questions (5 x 10 = 50 Marks)

Q. No.	Questions	Max. Marks
1. ✓	Discuss economics as a science and as an art. Elucidate the difference between positive and normative economics with suitable examples.	5+5
2. ✓	Differentiate between demand and quantity demanded. Graphically explain the effect of the following on equilibrium quantity and price (i) There is a simultaneous increase in demand and a decrease in supply (ii) An increase in both the demand and supply.	5+5
3. ✓	Given a utility function, $U = xy^2$ with P_x (price of X) = 2, P_y (price of Y) = 3 and M (income) = 9, find the optimal quantities of the two goods consumed. Also graph the equilibrium.	7+3
4. ✓	The demand function for a good X is $Q_x = 200 - 5P_x - 2P_y + 0.2M$, where $P_x = 10$, $P_y = 12$ and $M = 1000$. Find the own price elasticity of demand, income elasticity of demand and cross price elasticity of demand of X. Also comment on the relationship between good X and Y.	8+2
5. ✓	Explain cross price elasticity of demand with a suitable example. Discuss various degrees of price elasticity of demand graphically.	5+5

LS Khanbar

LS Ramakrishna