

Reg No:

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# VIT<sup>®</sup>

Vellore Institute of Technology

(Deemed to be University under section 3 of UGC Act, 1956)

CHENNAI

**Continuous Assessment Test-I, Winter Semester, January 2025**

Programme	B.Tech	CAT	1
Course Title	Microeconomics	Course Code	BHUM103L
		Slot	C1+TC1
Faculty	Dr. Shalina Susan Mathew	Class ID	CH2024250501365
Duration	90 minutes	Max. Marks	50

**Answer all the questions**

Sl. No	Question	Marks
1.	(a) Explain law of demand.  (b) Elaborate the two main exceptions to the law of demand	15
2.	A representative of European clothing industry made the following statement: <i>"Workers in Asia often work in sweatshop conditions earning only pennies an hour. European workers are more productive than their Asian counterparts. European workers earn higher wages due to higher productivity. In order to preserve the dignity of the European workplace, the European Union should enact legislation banning imports of low - wage Asian clothing."</i>  (a) Distinguish between positive and normative economics, and give one example each of positive and normative statements ( <i>Your examples should be different from the statements in the above quote</i> ).  (b) Which parts of the above quote are positive statements? Which parts are normative statements? Explain briefly. ( <i>Write down all the relevant parts from the quote, indicating whether they are either positive, normative, or none</i> ).	15
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3.	<p>(a) Distinguish between change in supply, and change in the quantity supplied. Explain the major variables that influence the change in supply, and change in the quantity supplied.</p> <p>(b) A severe drought in the country of Kopicano damages its coffee crop.</p> <p>(i) Draw and discuss a supply-demand diagram to explain the new market equilibrium for coffee</p> <p>(ii) What do you think the impact of this drought has been on the equilibrium price and quantity of tea? Draw a supply-demand diagram for the tea market to explain your answer.</p> <p><i>Consider tea as a related good.</i></p>	20
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Dr. Shalina Susan Mathew	Class (b)	CH2024220201352	CI+TCT	BHUM103A
90 minutes	Max M	20		