

**PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)**

BA DEGREE EXAMINATION MAY 2025

(First Semester)

Branch - **ECONOMICS**

MICROECONOMICS - I

Time: Three Hours

Maximum: 75 Marks

SECTION-A (10 Marks)

Answer ALL questions

ALL questions carry EQUAL marks

(10 × 1 = 10)

Module No.	Question No.	Question	K Level	CO
1	1	Positive economics deals with a) Analysis of facts b) Economic principles c) Verifiable empirically d) All of these.	K1	CO1
	2	Production possibility frontier illustrates the maximum combination of _____ a) Two goods b) Three goods c) Four goods d) One goods	K1	CO1
2	3	The raw of supply states that there is a _____ relationship between the price of good and the Quantity supplied a) Direct b) Inverse c) Inelastic d) Unitary elastic	K1	CO2
	4	Demand falls with rise in income in the case of a) Inferior commodity b) Substitute commodity c) Complementary commodity d) superior commodity	K2	CO2
3	5	Which of the following property of Indifference curves are correct? a) not parallel for a given utility function b) Convex to the origin c) Two indifference curves cut each other d) Closer to the origin of the curve greater level of utility.	K1	CO3
	6	Which of the following condition (s) are necessary for the law of diminishing marginal utility a) Consumption is continuous b) Tastes or preferences of the consumer remain unchanged c) All units of the commodity are similar in size, quality d) All of these	K2	
4	7	Percentage change in quantity demanded to a percentage change in price is called a) Income elasticity b) Price elasticity c) Cross elasticity d) Substitution effect	K1	CO4
	8	The formula for Elasticity coefficient is a) Percentage change in quantity demanded /percentage change in any factor b) Percentage change in any factor/percentage change in quantity demanded c) Proportionate change in quantity demanded/proportionate change in another commodity price d) None of these	K2	CO4
5	9	The linear homogeneous production function implies that if all the factors of production are increased in the same proportion a) The output also increases in the same proportion b) The output increases in the diminishing rate c) The output decrease at the increasing rate d) None of these	K1	CO5
	10	Law of diminishing returns to scale is applicable in a) Short period b) Long period c) Market period d) none of these.	K2	CO5

Cont...

SECTION - B (35 Marks)

Answer ALL questions
ALL questions carry EQUAL Marks

(5 × 7 = 35)

Module No.	Question No.	Question	K Level	CO
1	11.a.	Discuss definitions of economics given by Adam Smith and Marshall.	K6	CO1
	(OR)			
	11.b.	Distinguish economic statics and comparative statics.	K4	
2	12.a.	Explain law of demand.	K2	CO2
	(OR)			
	12.b.	Why the demand curves slope downwards?	K1	
3	13.a.	Examine Pigou effect.	K4	CO3
	(OR)			
	13.b.	Explain the properties of indifference curve.	K2	
4	14.a.	Analyse the types of elasticity of demand.	K4	CO4
	(OR)			
	14.b.	Discuss the applications of consumer surplus.	K6	
5	15.a.	What are the basic properties of Cobb Douglas production function?	K1	CO5
	(OR)			
	15.b.	Discuss in detail about the law of variable proportions	K6	

SECTION - C (30 Marks)

Answer ANY THREE questions
ALL questions carry EQUAL Marks

(3 × 10 = 30)

Module No.	Question No.	Question	K Level	CO
1	16	Evaluate the inductive and deductive methods in economic analysis.	K5	CO1
2	17	Elaborate the individual demand curve and market demand curve with suitable diagram and example.	K6	CO2
3	18	Make use of critical appraisal on the law of diminishing marginal utility.	K3	CO3
4	19	Explain the types of elasticity of supply.	K5	CO4
5	20	Discuss in detail about the law of returns to scale.	K6	CO5

Z-Z-Z

END