PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BA DEGREE EXAMINATION DECEMBER 2025
(First Semester)

Branch - **ECONOMICS**

MICRO ECONOMICS – 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	One of the following best describes the scope of economics, identify a) Study of celestial phenomena b) Allocation of scarce resources c) Analysis of chemical reactions d) Measurement of physical distances	K1	CO1
	2	Opportunity cost refers to a) The value of the next best alternative foregone b) The cost of production c) The monetary price of a good d) The total utility derived from consumption	K2	CO1
2	3	A demand schedule shows a) The relationship between supply and demand b) The quantity demanded at different prices c) The equilibrium price d) The elasticity of demand	K1	CO2
	4	The law of supply states that a) As price increases, quantity supplied decreases b) As price increases, quantity supplied increases c) Supply is constant regardless of price d) Supply and demand are always equal	K2	CO2
3	5	The formula for calculating Marginal Utility (MU) is a) $MU=\Delta TU/\Delta Q$ b) $MU=TUQ$ c) $MU=TU-Q$ d) $MU=TU\times Q$	K1	CO3
	6	An indifference curve shows all the combinations of two goods that provide a consumer with: a) The highest possible level of satisfaction b) The lowest possible level of satisfaction c) The same level of satisfaction d) Varied levels of satisfaction	K2	CO3
4	7	The difference between the price a consumer is willing to pay and the price actually paid is called as a) Consumer Surplus b) Producer Surplus c) Equilibrium Price d) Marginal Utility	K1	CO4
	8	If the price elasticity of demand is greater than 1, demand is: a) Elastic b) Inelastic c) Unit elastic d) Perfectly inelastic	K2	CO4
5	9	The technical relationship between inputs and output is known as a) Cost Function b) Production Function c) Demand Function d) Supply Function	K1	CO5
	10	An isoquant curve shows all the combinations of two inputs that produce: a) The lowest possible level of output b) The highest possible level of output c) The same level of output d) Varied levels of output	K2	CO5

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.	Explain the central problems of an economy.	K2	CO1
		(OR)		
	11.b.	Describe positive and normative economics with suitable examples.		
2	12.a.	Explain the determinants of individual and market demand.	K3	CO2
		(OR)		
	12.b.	Illustrate the law of supply.		
3	13.a.	Examine the different concept of utility and its measurement.	K4	CO3
		(OR)		
	13.b.	Define Indifference Curve and analyze its properties.		
4	14.a.	Explain the types of elasticity of demand.	K4	CO4
		(OR)		
	14.b.	Examine the concept of consumer surplus with a diagram.		
5	15.a.	Explain the characteristics of factors of production that helps to plan production.	K3	CO5
		(OR)		
	15.b.	Bring out Cobb-Douglas Production Function and identify its limitations		

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	Explain Production Possibility Curve (PPC) with a diagram.	K4	CO1
2	17	Elucidate the Law of Demand with a diagram and provide an example to illustrate it.	K4	CO2
3	18	Discuss the Law of Diminishing Marginal Utility and analyse how this principle applies to real-world situation.	K4	CO3
4	19	Examine the methods of measuring elasticity of demand	K4	CO4
5	20	Analyze the stages Law of Variable Proportions	K4	CO5

Z-Z-Z   END