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22ECU101

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BA DEGREE EXAMINATION MAY 2026
(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	Which economist strongly emphasized the distinction between positive and normative economics? i) Milton Friedman (ii) Karl Marx (iii) David Ricardo (iv) Thomas Malthus	K1	CO1
	2	Trace the opportunity cost in PPF refers to: (i) Cost of production (ii) Cost of labor (iii) Quantity of one good sacrificed to produce another good (iv) Price of goods	K2	CO1
2	3	Which of the following causes a movement *along* the demand curve rather than a shift *of* the curve? (i) Achange in consumer income. (ii) A change in the price of the good itself (iii) A change in the price of a substitute good (iv) A change in consumer tastes	K1	CO2
	4	Clarify, If the government imposes a new tax on a product, the supply curve will (i) Shift to the right (ii) Shift to the left (iii) Not change (iv) Become horizontal	K2	CO2
3	5	What happens if a consumer continues to consume *beyond* the Point of Satiety? (i) Total Utility continues to increase (ii) Marginal Utility becomes negative (iii) Total Utility remains constant (iv) Price of the good falls	K1	CO3
	6	Show the Hicks and Slutsky analysis help in understanding (i) Producer behaviour (ii) Market structure (iii) Consumer behaviour (iv) National income	K2	CO3
4	7	Which method is more accurate for very small price changes? (i) Arc elasticity (ii) Point elasticity (iii) Total outlay method (iv) Income method	K1	CO4
	8	Showifprice equals willingness to pay, consumer's surplus is (i) Maximum (ii) Zero (iii) Negative (iv) Infinite	K2	CO4
5	9	Which of the following represents a linear homogeneous production function? (i) $Q = L^2 + K^2$ (ii) $Q = 2L + 3K$ (iii) $Q = L^2K$ (iv) $Q = \sqrt{L} + \sqrt{K}$	K1	CO5
	10	Select the correct answer, why the elasticity of substitution is always a positive value? (i) Inputs are always expensive. (ii) K/L and MRTS move in the same direction along an isoquant (iii) Marginal products are always increasing (iv) Technology never improves.	K2	CO5

Cont…

SECTION B

Answer **ANY THREE** questions
ALL questions carry **EQUAL** marks (5 × 7 = 35)

Module No.	Question No.	Question	K Level	CO
1	11.a.	Point the different methods used in economic analysis.	K1/K2	CO!
		(OR)		
	11.b.	Differentiate between partial equilibrium analysis and general equilibrium analysis		
2	12.a.	Indicate the main determinants of demand in a market.	K1/K2	CO2
		(OR)		
	12.b.	Clarify the law of supply with a diagram. K2		
3	13.a.	Illustrate the law of diminishing marginal utility with examples and a diagram.	K2/K3	CO3
		(OR)		
	13.b.	Express the properties of an indifference curve with a diagram		
4	14.a.	Outline the types of elasticity of demand.	K1/K2	CO4
		(OR)		
	14.b.	Detail the factors that determine the elasticity of supply of a commodity		
5	15.a.	Describe the three stages of production under the law of variable proportions.	K1/K2	CO5
		(OR)		
	15.b.	Explain producer's equilibrium using the isoquant and isocost approach.		

SECTION C

Answer **ANY THREE** questions
ALL questions carry **EQUAL** marks (3 × 10 = 30)

Module No.	Question No.	Question	K Level	CO
1	16	State the concept of Production Possibility Frontier (PPF) with a diagram.	K1	CO1
2	17	Express the exceptions to the law of demand with diagrams.	K2	CO2
3	18	Explain consumer equilibrium using the indifference curve and budget line.	K4	C03
4	19	Illustrate the concept of consumer surplus with diagram and examples.	K3	C04
5	20	Explore the significance of the Cobb-Douglas production function in production theory	K4	C05

Z-Z-Z END