

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

**BA DEGREE EXAMINATION DECEMBER 2022
(First Semester)**

Branch – ECONOMICS

MICRO ECONOMICS - I

Time: Three Hours

Maximum: 50 Marks

SECTION-A (5 Marks)

Answer ALL questions

ALL questions carry EQUAL marks

(5 x 1 = 5)

- 1 Identify the cause of the central problems in an economy.

(i) Gender inequality	(ii) Scarcity of resources
(iii) Poverty	(iv) Unemployment
- 2 Which among the following is a reason for the downward slope of demand curve

(i) Wealth effect	(ii) Network effect
(iii) Price effect	(iv) Bandwagon effect
- 3 What is the value of price elasticity of demand when the demand curve is rectangular hyperbola.

(i) Price elasticity will be equal to 1	(ii) Price elasticity will be equal to 0
(iii) Price elasticity will be greater than 1	(iv) Price elasticity will be infinity
- 4 Who formulated *Law of Diminishing Marginal Utility*

(i) Leon Walras	(ii) Alfred Marshall
(iii) Francis Ysidro Edgeworth	(iv) Herman Gossen
- 5 Name the technological relation between quantities of physical input and quantities of output of goods.

(i) Consumption function	(ii) Cost function
(iii) Production function	(iv) Distribution function

SECTION - B (15 Marks)

Answer ALL Questions

ALL Questions Carry EQUAL Marks

(5 x 3 = 15)

- 6 a. Explain different methods of economic analysis.
OR
- b. Compare general equilibrium and partial equilibrium.
- 7 a. Outline the exceptions to law of demand.
OR
- b. Classify the determinants of supply.
- 8 a. Analyze price elasticity of demand.
OR
- b. Describe consumer surplus.
- 9 a. Sketch cardinal utility analysis.
OR
- b. State the properties of indifference curve.
- 10 a. Narrate law of variable proportion.
OR
- b. Analyse Cobb – Douglas production function

Cont...

SECTION -C (30 Marks)

Answer **ALL** questions

ALL questions carry **EQUAL** Marks

(5 x 6 = 30)

- 11 a. Examine General equilibrium approach in detail.
OR
b. Analyse production possibility frontier.
- 12 a. Differentiate shift in the demand curve and movement along demand curve.
OR
b. Narrate the role of demand and supply in price determination.
- 13 a. Discuss how; the price affects the consumer surplus.
OR
b. Enumerate the factors affecting elasticity of demand.
- 14 a. Show the decomposition of Price effect into substitution effect.
OR
b. Discover the consumer's equilibrium using cardinal approach.
- 15 a. Analyse the consumer behavior with reference to revealed preference theory.
OR
b. Examine how does producers attain equilibrium.

Z-Z-Z

END