PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BA DEGREE EXAMINATION DECEMBER 2019
(First Semester)

Branch-ECONOMICS

<u>MICRO ECONOMICS- I</u>

Time: Three Hours                                                    Maximum: 75 Marks

<u>SECTION-A (10 Marks)</u>
Answer ALL questions
ALL questions carry EQUAL marks          (10x1 = 10)

1    The meaning of the word "economics" is most closely associated with the word
(i)    Free                              (ii) Scarce
(iii) Unlimited                      (iv) Unrestricted

2    Wealth definition is given by
(i)    Classical economist       (ii) Neo classical economist
(iii) Modem economist          (iv) All of the above

3    A fall in the price of a commodity leads to
(i) A shift in demand                        (ii) A fall in demand
(iii)  A rise in the consumer real income
(iv)  A fall in the consumer real income

4    Other things being equal, a rise in supply can be caused by
(i) Rise in price of the commodity                (ii) Rise in the income
(iii)- An increase in the income of the seller (iv) All the above

5    Which of the following would increase the amount of an inferior good that buyers would like to purchase of
(i)    An increase in buyer's incomes
(ii)   An increase in the price of a complement
(iii)  A decrease in the price of a substitute
(iv)  A decrease in buyer's incomes

6    If the income elasticity of demand is greater than 1, the commodity is
(i)  A necessary                  (ii)  A'luxury
(iii) An inferior good            (iv) A non-related good

7    Utility is always related to
(i)  Usefulness                    (ii)   Want satisfying power
(iii) Profit                          (iv) Maximum returns

8    Total utility is maximum, when marginal utility is
(i)  Positive                        (ii)  Negative
(iii) Zero                           (iv)  Maximum

9    The scale of production refers to
(i)    The amount of factors used
(ii)   The quantities of products produced
(iii)  The techniques of production adopted
(iv)  All of the above

10   In general'most of the production function measure
(i) The productivity of factors (ii) The relation between factors
(iii) The relation between inputs and outputs (iv) The economics of scale

## SECTION - B (25 Marks)
Answer **ALL** questions
**ALL** questions carry **EQUAL** Marks ( 5 x 5 = 25)

11 a List the merits and demerits of inductive method.
OR
b Explain the central problem of an economics.

12 a Why demand curve slopes downwards?
OR
b Enumerate the factors influencing market demand.

13 a Explain the concept of consumer surplus.
OR
b Describe the producer surplus.

14 a State the properties of Indifference Curve.
OR
b Differentiate price effect with substitution effect.

15 a Describe the rewards of factors of production.
OR
b Explain the revealed preference theory.

## SECTION -C (40 Marks)
Answer **ALL** questions
**ALL** questions carry **EQUAL** Marks ( 5 x 8 = 40)

16 a Describe the definition of Economics.
OR
b Distinguish between economic statistics and economic dynamics. Explain
it's importance and short cummings.

17 a Explain the Law of Demand.
OR
b Write a note on equilibrium of the demand and supply.

18a Explain the different types of elasticity of demand.
OR
b Enumerate the methods of measuring elasticity of demand.

19 a Evaluate the law of diminishing marginal utility.
OR
b Describe the consumer equilibrium using the indifference curve.

20 a Analysis the Cobb-Douglas production function.
OR
b Describe the law of variable proportion.

Z-Z-Z                                                      END