



Seat No. : _____

TI-115

B.B.A. Sem.-I

May-2013

Principles of Economics (Micro)

Time : 3 Hours]

[Max. Marks : 70

Instructions : (1) Right sided figures indicate marks.

(2) **All** questions are compulsory.

(3) Draw diagram wherever it is necessary

1. (A) Explain the scarcity oriented definition of economics in detail. 7

OR

Explain the advantages and disadvantages of capitalist economy.

(B) Define Micro economics. Discuss the importance of Micro economics. 7

OR

Explain the following :

(1) Economic goods & free goods.

(2) Price & Value.

2. (A) State & explain the law of demand. 7

OR

Write a note on diminishing marginal utility.

(B) Explain consumer's surplus in detail. 7

OR

Explain expansion and contraction of demand in detail.

3. (A) Discuss how the equilibrium price of a product is determined in the market. 7

OR

Define supply. Explain the determinants of supply.

(B) Describe the features of monopoly. 7

OR

Define supply. Explain increase and decrease in supply with diagram.

4. (A) Explain the Marginal productivity theory of distribution. 7
- OR**
- Explain Ricardian theory of rent.
- (B) Differentiate between : 7
- (1) Time wage & Piece wage
 (2) Money wage & Real wage
- OR**
- Discuss Gross & Net interest. Also explain the factors affecting gross interest.
5. Objectives : 14
- (1) A capitalist economy is also known as _____.
 (a) Free Economy (b) Laissez Faire
 (c) Market Economy (d) All of them
- (2) As per definition of economics given by Robbins the subject matter of economics is
 (a) Wealth
 (b) Scarcity
 (c) Economic Growth
- (3) Which of the following theories is not the part of micro-economic theory ?
 (a) Theory of Interest
 (b) Theory of Business cycle
 (c) Theory of Income & Employment
- (4) In a planned economy, all economic decisions are taken by _____.
 (a) Voters (b) Workers
 (c) Government (d) Consumers
- (5) If demand increases at current price, it is called _____.
 (a) Contraction of demand (b) Decrease in demand
 (c) Increase in demand (d) Expansion of demand
- (6) Total utility curve is at its maximum when marginal utility is _____.
 (a) Maximum (b) Zero
 (c) Increasing (d) Decreasing
- (7) When Priya consumes 1 ice-cream, the utility derived is 10 unit and when 2nd ice-cream is consumed the total utility is 18 unit Thus, the marginal utility = _____.
 (a) 0 (b) 8
 (c) 10 (d) 18

- (8) Which of the following is not a feature of Monopoly ?
- Single seller
 - Price discrimination
 - Free entry & exit
- (9) The market will be in equilibrium when _____.
- demand = supply
 - demand > supply
 - demand < supply
- (10) Initially when price of commodity X was ₹ 20 per unit, 2000 units were supplied. Now if the price increases to ₹ 30 supply increases to 2800 units. This is called _____ of supply.
- Extension
 - Increase
 - Contraction
 - Decrease
- (11) In India, which of the following described monopoly ?
- Railways
 - Textile industry
 - Telecommunication sector
- (12) The innovation theory was given by _____.
- Knight
 - Schumpeter
 - Robbins
- (13) A fixed supply of homogenous land will result in _____.
- Scarcity rent
 - Differential rent
 - Contract rent
- (14) (A) Money wage 1. Wages paid for the number of units produced
 (B) Real wage 2. Amount of wages paid in money.
 (C) Time wage 3. Quantity of goods & services which can be bought with the wages.
 (D) Piece wage 4. Wages paid to workers for the time worked.
- | | (A) | (B) | (C) | (D) |
|-----|-----|-----|-----|-----|
| (a) | 3 | 2 | 1 | 4 |
| (b) | 4 | 3 | 2 | 1 |
| (c) | 1 | 4 | 3 | 2 |
| (d) | 2 | 3 | 4 | 1 |

