

Seat No. : _____

ME-113

March-2019

B.B.A., Sem.-I

**CC-104 : Economics
(Principle of Economics (Micro))**

Time : 2:30 Hours]

[Max. Marks : 70

1. (A) (1) Explain the scarcity oriented definition of economics. 7
(2) Explain the production possibility curve with help of the diagram. 7

OR

- (1) Define micro economics. Discuss the scope of micro economics.
(2) Explain the features of free economy.
- (B) Answer the following questions : (Any **Four**) 4
- (1) The subject matter of economics as described by Samuelson is
(a) wealth (b) scarcity
(c) welfare (d) economic growth
- (2) Co-existence of public and private ownership is the features of
(a) capitalist economy (b) free economy
(c) socialist economy (d) mixed economy
- (3) The central topic of Micro economics is
(a) Business cycle (b) Determination of GDP
(c) Inflation (d) Resource allocation
- (4) Sunshine has value in exchange. (True/False)
(5) Non-material good means tangible good. (True/False)
(6) The term micro is derived from French language. (True/False)

2. (A) (1) Explain the law of diminishing marginal utility. 7
(2) Explain the increase and decrease in demand with diagram. 7

OR

- (1) Discuss the law of demand with assumptions.
(2) Write a note on consumer surplus.
- (B) Answer the following questions : (Any **Four**) 4
- (1) Marginal utility means
(a) utility of the first unit (b) utility of the additional unit
(c) utility of the last unit (d) neither
- (2) The law of diminishing marginal utility applies to
(a) production (b) consumption
(c) population (d) supply

- (3) Giffen Goods are
 (a) luxurious goods (b) prestigious goods
 (c) inferior goods (d) necessity goods
- (4) Demand decreases when price increases. (True/False)
- (5) In economics demand means effective demand. (True/False)
- (6) When price of prestigious goods falls, its demand increases. (True/False)
3. (A) (1) Discuss the characteristics of perfect competition. 7
 (2) Explain the determinants of supply. 7
- OR**
- (1) How market price is determined with demand and supply. Explain with diagram.
- (2) Explain the features of monopolistic competition.
- (B) Answer the following questions : (Any **Three**) 3
- (1) Contraction of supply is the result of
 (a) Decrease in the price of the commodity.
 (b) Increase in the price of commodity.
 (c) Increase in the price of the other products.
 (d) Neither
- (2) The concept of monopolistic competition has developed by
 (a) Chamberlin (b) Keynes
 (c) Fisher (d) Knight
- (3) Price rigidity is one of the feature of perfect competition. (True/False)
- (4) A firm has control over price in perfect competition. (True/ False)
- (5) Supply means stock. (True/False)
4. (A) (1) Explain the marginal productivity theory of distribution. 7
 (2) Write a note on Quasi Rent. 7
- OR**
- (1) Explain the innovation theory of profit.
- (2) Discuss the factors affecting real wages.
- (B) Answer the following questions. (Any **Three**) 3
- (1) Who has given the uncertainty – Bearing theory of profit ?
 (a) Hawly (b) Schumpeter
 (c) Smith (d) Knight
- (2) Classical theory of rent is concerned with
 (a) Scarcity rent (b) Home rent
 (c) Differential rent (d) Both (a) and (c)
- (3) Qasi rent is a short-run phenomenon. (True/False)
- (4) Profit is a reward of entrepreneur. (True/False)
- (5) “Interest is a reward for parting with liquidity”. This statement given by Fisher. (True/False)