

R.N.G.PATEL INSTITUTE OF TECHNOLOGY-RNGPIT
(An Autonomous College U/s UGC Act 1956)

IMBA. SEMESTER-I, SEMESTER END EXAMINATION - WINTER 2024

Subject Code: 1BB0103

Date: 13-12-2024

Subject Name: MICROECONOMICS

Time: 11:00 AM to 01:30 PM

Total Marks: 70

Instructions

1. It is **compulsory** for students to write **Enrolment No. /Seat No.** on the question paper.
2. Write answers of **Section A** and **Section B** in **separate answer books**.
3. Attempt all questions from both **Section A** and **Section B**.
4. Each section carries **35 marks**, with a total of **70 marks** for the examination.
5. The figures to the right of each question indicate full marks, make suitable assumptions with justification.
6. BL - Bloom's Taxonomy Levels (R-Remember, U-Understanding, A –Application, N –Analyze, E – Evaluate, C -Create), CO - Course Outcomes.

SECTION A

	Marks	BL	CO
Q.1 Objective-Type Questions	[05]		
(a) The law of demand states that, other things being equal, when the price of a good rises	1	U	1
(i) Demand increases (ii) Demand decreases			
(iii) Quantity demanded decreases (iv) Quantity demanded increases			
(b) In perfect competition, the demand curve for an individual firm is	1	U	5
(i) Downward-sloping (ii) Upward-sloping			
(iii) Horizontal (iv) Vertical			
(c) A market equilibrium occurs when	1	U	2
(i) Demand equals quantity supplied. (ii) Supply equals price.			
(iii) Quantity demanded equals quantity supplied. (iv) Price equals demand			
(d) In consumer equilibrium under the utility-maximization approach, the consumer allocates their income such that:	1	U	3
(i) Total utility is maximized. (ii) Marginal utility per unit of money spent is equal for all goods.			
(iii) Marginal utility of all goods is maximized. (iv) Average utility is equal for all goods.			

- (e) A monopolist's marginal revenue is: 1 U 5
- (i) Always equal to price. (ii) Greater than price.
- (iii) Equal to average revenue. (iv) Less than price

Q.2 Attempt Any Two [10]

- (a) Explain the factors that cause shifts in the demand curve. 5 U 2
- (b) Describe the conditions for consumer equilibrium under the indifference curve analysis. 5 U 3
- (c) Calculate the price elasticity of demand given the necessary data and interpret its significance. 5 A 1

Q.3 Attempt Any Two [10]

- (a) Explain how income elasticity of demand helps in classifying goods into normal and inferior 5 U 3
- (b) Discuss the implications of marginal revenue on a firm's supply behavior in an imperfect market. 5 A 5
- (c) Analyze the reasons for the upward slope of the supply curve. 5 A 4

Q.4 Attempt Any Two [10]

- (a) Explain how imperfect competition creates market inefficiencies. 5 A 5
- (b) Illustrate the concept of market equilibrium using a demand and supply graph. 5 U 2
- (c) Analyze the impact of an increase in demand on equilibrium price and quantity in a competitive market. 5 A 2

SECTION B

	Marks	BL	CO
Q.5 Objective-Type Questions	[05]		
(a) Which of the following is true, according to Robbins?	1	R	1
(i) Means are undefined			
(ii) Means are scarce			
(iii) Means are unlimited			
(iv) All of the above			
(b) If a firm has a downward sloping long-run average cost curve then it is a case of	1	U	4
(i) Decline in total cost			
(ii) Decline in cost per unit			
(iii) Decline in average variable cost			
(iv) Decline in marginal cost			
(c) In production function, production is a function of:	1	R	4
(i) Price			
(ii) Factors of Production			
(iii) Total Expenditure			
(iv) None of these			
(d) The basic reason of operating the Law of Diminishing Returns is:	1	R	1
(i) Scarcity of Factors			
(ii) Imperfect Substitution between Factors			
(iii) Both (i) and (ii)			
(iv) None of the above			
(e) Which of the following is not fixed cost?	1	R	1
(i) Insurance Premium			
(ii) Interest			
(iii) Cost of Raw Material			
(iv) Rent of the Factory			
Q.6 Attempt Any Two	[10]		
(a) Explain the law of returns to scale with the help of Iso-quants.	5	U	4
(b) What is opportunity cost? Give some examples of it.	5	U	4
(c) Explain the relationship between average, marginal and total cost.	5	U	4
Q.7 Attempt Any Two	[10]		
(a) Explain the nature and scope of microeconomics.	5	U	1

(b) What is production function? Mention the various factors of production. 5 R 4

(c) What is revenue? Discuss the types of it. 5 R 4

Q.8 Attempt Any Two [10]

(a) What do you understand by production function? Define short run laws of production. 5 R 4

(b) Briefly explain the types of costs. 5 U 4

(c) Describe the basic economic problems. 5 R 1
