

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

IMBA SEMESTER-I, SEMESTER END EXAMINATION – WINTER 2025

SUBJECT CODE: 2BB0103

DATE: 19-12-2025

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 Multiple-Choice Questions	[05]		
(a) The term Microeconomics deals with —	1	U	1
(i) National income			(ii) Individual units
(iii) Economic development			(iv) Inflation
(b) The basic economic problem is due to —	1	R	1
(i) Unlimited wants			(ii) Limited resources
(iii) Both (i) and (ii)			(iv) None of these
(c) Price mechanism works through —	1	U	1
(i) Demand and Supply			(ii) Government rules
(iii) Taxation			(iv) Production only
(d) Positive economics explains —	1	U	1
(i) What is			(ii) What should be
(iii) What will be			(iv) What ought to be

(e) A market is a place where —	1	R	1
(i) Only buyers meet			(ii) Only sellers meet
(iii) Buyers and sellers meet			(iv) Only goods are produced

Q.2 Attempt Any Two	[10]		
(a) Define Microeconomics. Explain its importance of microeconomics	5	A	1
(b) Discuss the basic economic problems faced by every economy.	5	U	1
(c) Explain the role of price mechanism in a market economy.	5	A	1
Q.3 Attempt Any Two	[10]		
(a) Define demand and explain the law of demand with its exceptions.	5	R	2
(b) Explain the law of supply and factors causing a shift in the supply curve.	5	U	2
(c) What is market equilibrium? Explain with the help of a diagram.	5	A	2
Q.4 Attempt Any Two	[10]		
(a) Define price elasticity of demand. Explain its types of it.	5	U	2
(b) Explain income elasticity and cross elasticity of demand with examples.	5	A	2
(c) What is consumer surplus? Explain the theory of consumer behavior.	5	R	2

SECTION B

	Marks	BL	CO
Q.5 Multiple-Choice Questions	[05]		
(a) The Law of Diminishing Returns applies to which period of production?	1	R	3
(i) Short run			
(ii) Market period			
(iii) Long run			
(iv) Both short run and long run			
(b) In the long run, all factors of production are:	1	U	3
(i) Fixed			
(ii) Variable			
(iii) Constant			
(iv) Dependent			
(c) Total Revenue (TR) is calculated as:	1	R	3
(i) Average Revenue \times Cost			
(ii) Marginal Revenue \times Quantity			
(iii) Price \times Quantity sold			
(iv) Price \div Quantity sold			
(d) In perfect competition, the price of the product is determined by:	1	U	4
(i) Individual firm			
(ii) Market forces of demand and supply			
(iii) Government			
(iv) Buyers only			
(e) Under perfect competition, marginal revenue (MR) is:	1	U	4
(i) Less than average revenue (AR)			
(ii) Greater than average revenue (AR)			
(iii) Equal to average revenue (AR)			
(iv) Independent of average revenue (AR)			
Q.6 Attempt Any Two	[10]		
(a) Explain the concepts of Total Product (TP), Average Product (AP) and Marginal Product (MP) with suitable examples.	5	U	3
(b) State and explain the Law of Diminishing Returns. Illustrate your answer with a simple diagram.	5	N	3
(c) Discuss the concepts and types of revenue. How are Average Revenue (AR).	5	U	3
Q.7 Attempt Any Two	[10]		
(a) Explain the features of perfect competition.	5	R	4
(b) What do you understand by imperfect competition? Discuss its main types with suitable examples.	5	R	4

(c) Explain the sources of market imperfections. How do they affect market efficiency? **5 U 4**

Q.8 Attempt Any Two [10]

(a) What is the difference between short-run and long-run production functions? Explain with examples. **5 R 3**

(b) Define cost of production. Distinguish between explicit and implicit costs with suitable examples. **5 U 3**

(c) Explain the shape of the short-run average cost (SAC) and marginal cost (MC) curves. **5 R 3**
