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SARDAR PATEL UNIVERSITY

FYBBA (F.T)

I-Semester Examination (CBCS)

UM-01-CBB-F03: Micro Economics

Date: 19th November-2010 Friday

Time: 2-30p.m to 4-30 p.m

Note:- Answers of all the questions (including multiple choice questions) should be written in the provided answer book only.

Total 60 Marks

Note: Answer of all the questions (including multiple choice questions) should be written in the provided answer book only

Q-1 (A) Choose one of the appropriate words from the following

(5)

(1) Who expressed the view that "Economics is natural between Ends?"

1. Robbins
2. Marshall
3. Pigou
4. Adam smith

(2) Which of the following is the best general definition of the study of economics?

1. Inflation and unemployment in a growing economy.
2. Business decision making under foreign compaction.
3. Individual and social choice in the face of scarcity.
4. The best way to invest in the stock market.

(3) What implications dose resource scarcity has for the satisfaction of wants?

1. Not all wants can satisfied
2. We will never be faced with the need to make choices.
3. We must develop ways to decreases our individual wants.
4. The discovery of new natural resources is necessary to increase our ability to satisfy wants.

(4) Rational decision making requires that:

1. One's choices are arrived at logically and without error.
2. One's choices are consistent with one's goals.
3. One's choice never varies.
4. One makes choice that does not involve trade-offs.

(5) Which of the following is a normative statement?

1. Planned economics allocate resources via government department.
2. Most transitional economies have experienced problems of falling output and rising prices over the past decade.
3. There is a grater degree of consumer sovereignty in market economics than planned economics.
4. Reducing inequality should be a major priority for mixed economics.

(B) Critically explains Robbins's definition of Economics.

(10)

OR

Q.1 (A) Choose one of the appropriate words from the following

(5)

- (1) Which of the following does not suggest a macro approach for India?
1. Determining the GNP of India.
 2. Finding the causes of failure of X and co.
 3. Identifying the causes of inflation in India.
 4. Analysis the causes of failure of industry in providing large scale employment
- (2). Economics goods are considered scare resources because they
1. Cannot be increased in quantity.
 2. Do not exist in adequate quantity to satisfy social requirements.
 3. Are of primary importance in satisfying social requirements.
 4. Are limited to man made goods.
- (3) From the national point of view which of the following indicates micro approach?
1. Per capita income of India
 2. Unemployment in agriculture sector
 3. Lock out in Telecom
 4. Total saving in India
- (4) The assumption, which are common to all economic theories is___ assumption.
1. General Assumption
 2. Specific Assumption
 3. Non- Basic Assumption
 4. Individual Assumption
- (5) The term _____ means a systematic body of knowledge which describes the causes and effect relationship between different variables.
1. Art
 2. Normative
 3. Commerce
 4. Science

(B) Explain the concepts of Micro economics and Macro Economics.

(10)

Q.2. (A) Choose one of the appropriate words from the following

(5)

- (1) The want satisfying quality of a commodity is defined as _____
1. Price
 2. Demand
 3. Value
 4. Utility
- (2) Out of the following, which is not considered as feature of utility?
1. Utility is different from usefulness
 2. Utility does not mean satisfaction
 3. Utility is always Zero
 4. Utility is subjective & not objective.
- (3) _____ means a feeling of well- being, happiness, satisfaction or pleasure.
1. Wealth
 2. welfare
 3. Value
 4. Goods
- (4) _____ Goods is those which have scare in supply in relation to their Demand.
1. Economic goods
 2. Free Goods
 3. Material goods
 4. Non- material goods
- (5) _____ is equal to the difference between the amount for a commodity X which a consumer actually pays and the amount that he would be willing to pay for this quantity
1. Consumer's surplus
 2. Consumer's Loss
 3. Consumer's equilibrium
 4. None of them

(B) Write notes on (A) Utility (B) Types of Goods

(10)

OR

Q.2. (A) Choose one of the appropriate words from the following

(5)

- (1) _____ refers to the use of wealth for the satisfaction of want and desires for material and non material things.
1. Consumption
 2. Production
 3. Exchange
 4. Distribution
- (2) When utility created or added by changing the shape of goods, it is known as.
1. Place utility
 2. Form utility
 3. Time utility
 4. Service utility

(3) Which goods satisfy human wants directly?

1. Producer goods
2. Free goods
3. Consumer goods
4. Private goods

(4) From the given below which factors determine standard of living.

1. National Income
2. Population
3. Distribution of Income
4. All the above

(5) When the consumption of an article directly satisfies a human want, it is known.

1. Final consumption
2. Indirect consumption
3. Private consumption
4. None of all

(B) Explain the concept of consumer's surplus with the help of diagram. (10)

Q-3 (A) Choose one of the appropriate words from the following (5)

(1) A demand schedule shows the relationship between the quantity demanded of a commodity over a given period of time and _____

1. The Period of a commodity.
2. The test of consumers.
3. The money income of consumer.
4. The price of related commodities.

(2) The Shape of supply curve is _____

1. Upward rising left to right.
2. Upward rising right to left.
3. Downward falling right to left.
4. Downward falling left to right.

(3) When the price of a substitute of commodity X falls the demand for X.

1. Rises
2. Falls
3. Remains unchanged
4. All of the above

(4) The equality of the market demand and supply curve for a commodity determines.

1. The equilibrium price of the commodity
2. Surplus of the commodity
3. Shortage of the commodity
4. None of the above

(5) Which of the following does not cause an increase (i.e. an upward shift) in demand?

1. An increase in consumers income
2. An increase in consumers tastes
3. A reduction in the commodity price
4. A reduction in the Price of complementary goods.

(B) Discuss the law of demand with the help of schedule and diagram. (5)

(C) Explain the determination of equilibrium price by demand and supply in the market. (5)

OR

Q-3 (A) Choose one of the appropriate words from the following (5)

(1) The shape of the demand curve is _____

1. Negatively sloped
2. Positively sloped
3. Constant sloped
4. None of the above

(2) A supply schedule shows the relationship between the quantity demanded of a commodity over a given period of time and _____

1. Technology
2. Price of the commodity
3. Price of related goods
4. None of the above

(3) Which of the following cause a change in quantity supplied (movement) of a commodity.

1. A change in price a commodity
2. A change in consumers income
3. A change in consumers tests
4. A change in the price a complementary goods

(4) When an individuals income falls (While everything else remains the same) his or her demand for inferior goods.

1. Increase
2. Decrease
3. Remain unchanged
4. None of the above

(5) An upward shift in the market demand curve for a commodity results in which of the following changes in its equilibrium price?

1. The price rises
2. The price falls
3. The price remain constant
4. None of the above

(B) Write note on- Factor affecting to supply (5)

(C) Distinguish between- change in demand and change in quantity demanded of a commodity, (5)

Q-4 (A) Fill in the blanks gives below. (5)

(1) _____ curve is not 'U' shaped.

1. Marginal cost
2. Average variable cost
3. Average fixed cost

(2) Profit is a reward of _____.

1. Efficiency
2. Innovation
3. Cost of Production

(3) Average fixed cost + Average Variable cost.

1. Average Total Cost
2. Marginal Cost
3. Total Cost.

(4) _____ is known as 'Planning curve'

1. Long average cost curve
2. Short run Average cost curve.
3. Total cost.

(5) _____ Cost means an additional in Total Cost.

1. Average Cost
2. Fix Cost
3. Marginal Cost.

(B) Write notes on following (5)

- (1) Economies of scale
- (2) Relationship between Average cost and Marginal cost

(C) Distinguish between – Labour and Entrepreneurs (5)

OR

Q-4 (A) Fill in the blanks gives below.

(5)

- (1) The cost which remain same at any level of output is known as _____
1. Total Cost
2. Variable cost
3. Fix Cost
- (2) When we divide Total cost by out put, than we will get _____
1. Total Cost
2. Average Cost
3. Marginal cost
- (3) During the process of production an entrepreneur gets reward in the from of _____
1. Wages
2. Interest
3. Profit
- (4) The market supply of labour depends on _____
1. Size of land
2. Size of Population
3. Demand for commodity
- (5) Under perfect competition reward of labour tends to be equal to _____
1. Marginal productivity of labour
2. Marginal productivity of Capital
3. Marginal productivity of land

(B) Define the Marginal Productivity Theory of Distribution.

(5)

(C) Explain Long Run Average cost Curve with diagram.

(5)

All the Best