



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 2<sup>nd</sup> 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   |

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