

Seat No. : _____

DG-103

December-2013

F.Y. (BBA) Sem.-I

CC – 104 : 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 necessary.

1. (A) Write a note on Microeconomics. **7**
(B) Give meaning of mixed economy and explain features of it. **7**

OR

- (A) State the modern definition of Economics. Bring out of the main points it lays down in contrast to Robbins' views.
(B) Differentiate : (1) Value & Price (2) Free market economy and planned economy.

2. (A) What is demand ? Explain factors affecting demand. **7**
(B) Explain derivation of demand curve on the basis of utility analysis. **7**

OR

- (A) Distinguish between change in demand and shift in demand. Discuss factors which cause shifts in demand.
(B) Explain why marginal utility diminishes with increase in consumption.

3. (A) Describe law of supply in detail with diagram. **7**
(B) Explain meaning and characteristics of monopolistic competition. **7**

OR

- (A) Explain with diagram the effects of change in demand and supply on equilibrium price.
(B) Distinguish between perfect competition and monopoly.

4. (A) Discuss marginal productivity theory of distribution. **7**
(B) What is real wage ? Explain factors affecting real wage. **7**

OR

- (A) Explain innovation theory of profit.
(B) Examine concept of differential rent and scarcity rent.

5. Write answer in **one** line :

- (1) Who believe that economics is a science of scarcity ?
 - (a) Adam Smith
 - (b) Marshall
 - (c) Robbins
 - (d) Samuelson
- (2) In the free market economy, resource allocation is determined by
 - (a) Planning Commission
 - (b) Profitability of investment
 - (c) Price mechanism
 - (d) Voting system
- (3) In economics, value means
 - (a) Exchange value
 - (b) Value in use
 - (c) Monetary
 - (d) Moral value
- (4) In economics demand means
 - (a) individual demand
 - (b) effective demand
 - (c) ineffective demand
 - (d) producer's demand
- (5) What does the rightward shift of demand curve imply ?
 - (a) Increase in demand
 - (b) Decrease in demand
 - (c) Expansion of demand
 - (d) Contraction of demand
- (6) Marginal utility means
 - (a) utility of first unit
 - (b) utility of additional unit
 - (c) utility of last unit
 - (d) neither
- (7) An increase in supply of a commodity is caused by
 - (a) improvement in technology
 - (b) fall in its price
 - (c) rise in price of related goods
 - (d) neither
- (8) Which of the following is not a condition of perfect competition ?
 - (a) Large (unlimited) numbers of buyers & sellers
 - (b) Homogeneous product
 - (c) Free entry
 - (d) Selling cost
- (9) According to law of supply, relationship between price and supply is
 - (a) inverse
 - (b) direct
 - (c) uncertain
 - (d) negative
- (10) Quasi rent is
 - (a) a long run phenomenon
 - (b) a permanent phenomenon
 - (c) a short run phenomenon
 - (d) an imaginary phenomenon
- (11) If money wage is constant, what would happen to real wage during inflation ?
 - (a) Go up
 - (b) Go down
 - (c) Remain constant
 - (d) Uncertain
- (12) A rational consumer aims at
 - (a) maximum quantity
 - (b) maximum welfare
 - (c) maximum income
 - (d) maximum utility
- (13) Marginal productivity theory was first propounded by
 - (a) Marshall
 - (b) Keynes
 - (c) Ricardo
 - (d) Chamberlin
- (14) Modern theory of rent is concerned with
 - (a) differential rent
 - (b) scarcity rent
 - (c) contractual rent
 - (d) neither