

PARUL UNIVERSITY**FACULTY OF ARTS****B.ARTS/B.ARTS Hons Winter 2023 – 24 Examination****Semester: 1****Date: 08-01-2024****Subject Code: 15010101DS01****Time: 10:30 am to 1:00 pm****Subject Name: Microeconomic-I****Total Marks: 60****Instructions:**

1. All questions are compulsory.
2. Figures to the right indicate full marks.
3. Make suitable assumptions wherever necessary.
4. Start new question on new page.

Q.1	Do as directed.	(08)	CO	PO	Bloom's Taxonomy
A. Multiple choice type questions. (Each of 0.5 mark)					
1.	What is the slope of an Indifference Curve? A) The price of the good. B) MRS C) The quantity of the good. D) The total utility derived from the good.		1	1	R
2.	According to the law of supply, when the price of a good increases: A) Quantity supplied increases. B) Quantity supplied decreases. C) There is no change in quantity supplied. D) Supply becomes elastic.		2	2	U
3.	What is the primary concern of economics? A) Environmental preservation B) Resource allocation C) Social justice D) Historical analysis		4	4	R
4.	The supply function for a good is given by $Q = 5P - 10$, what is the slope? A) -5 B) -10 C) 5 D) 10		2	2	Ap
5.	What is the cross elasticity? A) $(\Delta Q_x / \Delta P_x) * (P_x / Q_x)$ B) $(\Delta Q_x / \Delta P_x) * (P_y / Q_y)$ C) $(\Delta Q_x / \Delta P_y) * (P_y / Q_x)$ D) $(\Delta Q_y / \Delta P_y) * (P_x / Q_x)$		2	2	R
6.	How would you define equilibrium in economics? A) A state of balance between imports and exports B) A point where demand equals supply C) A condition of stable prices D) A situation of constant economic growth		1	1	R
7.	If the price of smartphones decreases, what happens to the quantity demanded for smartphones? A. Increases B. Decreases C. Remains unchanged D. Becomes elastic		1	1	U
8.	What is the law of demand? A) Demand increases as price increases B) Demand decreases as price increases C) Demand and price are unrelated D) Demand remains constant regardless of price		3	3	R
9.	How does the Law of Diminishing Marginal Utility explain consumer behavior? A) As consumption increases, total utility B) The more of a good a consumer consumes, the less additional		3	3	U

	increases proportionally.	satisfaction (marginal utility) they derive from each additional unit.				
	C) Consumers always prefer more of a good regardless of marginal utility.	D) Marginal utility remains constant regardless of the quantity consumed.				
10.	What is utility in consumer behavior?			2	2	R
	A) The total satisfaction derived from consuming a good or service.	B) The price of a good or service.				
	C) The quantity of a good or service.	D) The production cost of a good or service.				
11.	What does Ordinal Utility focus on?			3	3	Ap
	A) Quantifying satisfaction	B) Ranking preferences				
	C) Measuring total utility	D) Ignoring consumer preferences				
12.	What is the concept of deadweight loss in economics?			1	1	R
	A) Loss of consumer surplus.	B) Loss of producer surplus.				
	C) The loss of total surplus due to market inefficiency.	D) Loss of government revenue.				
13.	How is consumer equilibrium achieved with the Cardinal Utility approach?			1	1	U
	A) When the total utility is maximized.	B) When the marginal utility per dollar spent is equal for all goods.				
	C) When the marginal utility of each good is equal.	D) When the consumer exhausts their budget.				
14.	Which factor does not affect demand?			3	3	U
	A. Consumer preferences	B. Income of consumers				
	C. Price of related goods	D. Cost of production				
15.	If a firm's total cost is \$500 and its total variable cost is \$300, what is its total fixed cost?			4	4	An
	A) \$200	B) \$300				
	C) \$500	D) \$800				
16.	What is revenue derived from selling an additional unit of a good called?			2	2	An
	A. Marginal Revenue	B. Average Revenue				
	C. Total Revenue	D. Variable Revenue				
B. Terms/ Short notes/ Case study/ Charts/ Graphs/ Tables, etc. (Each of 01 mark)			(07)			
1.	Explain Dynamic Equilibrium.			1	1	R
2.	How is the demand curve explained by the Ordinal Utility Approach?			2	2	R
3.	Differentiate between Microeconomics and Macroeconomics.			1	1	
4.	Define Budget Line in Consumer Theory.			1	1	U
5.	Describe the factors affecting Supply.			2	2	C
6.	Differentiate between a change in demand and a change in quantity demanded.			3	3	U
7.	Explain the concept of expansion path.			4	4	R
Q.2	Answer the following.					
A.	Explain the concept of a demand curve in the Cardinal Utility approach.		(04)	2	2	R

B	Differentiate between Partial and General Equilibrium.	(04)	1	1	U
C	How does the Law of Diminishing Marginal Utility impact consumer behaviour?	(04)	2	2	Ap
OR					
C.	If the elasticity of demand for a good is -2, and the price increases by 10%, what is the percentage change in quantity demanded?	(04)	4	4	E
Q.3 Answer the following.					
A.	Explain the concepts of positive and normative economics and provide examples of each.	(05)	2	2	R
B.	What is a demand function, and what factors influence demand? Explain the types of demand and the law of demand.	(05)	1	1	U
C.	What is a production function, and what laws govern short-run and long-run production?	(05)	2	2	Ap
OR					
C.	If the short-run total cost function is given by $TC = 50 + 3Q + 0.5Q^2$, calculate the Marginal cost when the quantity produced is 10 units.	(05)	4	4	E
Q.4					
A.	Discuss the properties and shifts in the budget line in consumer theory.	(06)	1	1	R
B.	Define ordinal utility and list its assumptions. Describe the properties and slope of an indifference curve.	(06)	2	2	U
C.	Explain the Law of Equi-marginal Utility and its role in consumer decision-making.	(06)	2	2	R
OR					
C	Given a revenue function as $R = 20Q - Q^2$, where Q is quantity sold, find the level of output that maximizes revenue.	(06)	4	4	E