

**PARUL UNIVERSITY**  
**FACULTY OF COMMERCE**  
**B.Com (Hons) Summer 2017-18 Examination**

**Semester: 2**  
**Subject Code: 16100155**  
**Subject Name: Micro Economics**

**Date: 16/05/2018**  
**Time: 10.30 am to 1.00 pm**  
**Total Marks: 60**

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**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 (A) Do as directed (MCQ, True or False) (1 mark each. All Compulsory)****(06)**

1. The best definition of economics is
  - a) How choices are made under conditions of scarcity.
  - b) How money is used.
  - c) How goods and services are produced.
  - d) How businesses maximize profits.
2. Which of the following is *not* considered as a factor of production?
  - a) money
  - b) machinery and equipment
  - c) land
  - d) unskilled labor
3. Airline Industry is an example of which of the following market forms?
  - a) Perfect competition
  - b) Oligopoly
  - c) Monopolistic
  - d) None of the above
4. Which is one similarity between perfect competition and monopolistic?
  - a) Free entry and exit
  - b) Homogeneous product
  - c) Price taker
  - d) Price maker
5. Which of the following is not a type of market structure?
  - a) Competitive monopoly
  - b) Oligopoly
  - c) Perfect competition
  - d) All of the above are types of market structures.
6. Capital budgeting is concern with .....?
  - a) Calculates the period of time required to return the original investment.
  - b) Ratio of the net average annual income from project to the initial investment.
  - c) Planning and controlling of capital expenditure.
  - d) Evaluation of projects.

**(B) Do as directed (Definitions / One-liners / Terms) (1 mark each. All Compulsory)****(06)**

1. What is Welfare Economics?
2. What is Geographical price discrimination?
3. What is Duopoly?
4. What is capital budgeting?
5. What is meant by price-taker?
6. Which are the two necessary conditions of short-run equilibrium of the firm under perfect competition ?

- Q.2 Answer the following. (4 mark each. All Compulsory)** (12)
- A. Explain the features of oligopoly market.
  - B. Discuss perfect competition along with its features.
  - C. Explain Welfare Economics. Also explain three concepts of social welfare.
- Q.3 Answer the following. (6 mark each. Any Three out of Four)** (18)
- A. What is 'monopoly'? Explain the important characteristics of monopoly market.
  - B. Discuss the concept of Price Discrimination with examples. Also explain the degrees of price discrimination.
  - C. What is market structure? Explain the factors determining market forms.
  - D. Explain Consumer's Surplus with the help of diagram.
- Q.4 Answer the following. (9 mark each. Any Two out of Three)** (18)
- A. Explain imposition of lump sum taxes under perfect competition along with proper diagram.
  - B. Show how a firm in a perfectly competitive market earns normal profit and loss. Explain with the help of diagram.
  - C. Describe methods of investment evaluation .