

**PARUL UNIVERSITY**  
**FACULTY OF COMMERCE**  
**B.Com(Hons) Winter 2018-19 Examination**

**Semester: 2****Subject Code: 16100155****Subject Name: Micro Economics****Date: 12/12/2018****Time: 10.30 am to 1.00 pm****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 (A) Do as directed (MCQ, True or False) (1 mark each. All Compulsory)****(12)**

1. 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.
  
2. Compared to the case of perfect competition, a monopolist is more likely to:
  - a. charge a higher price
  - b. produce a lower quantity of the product
  - c. make a greater amount of economic profit
  - d. all of the above
  
3. Which of the following statements about monopoly is true:
  - a. there are several companies producing a specific product
  - b. there is only one producing company, but the product has close substitutes
  - c. there are no competitors on the relevant market
  - d. input barriers are low
  
4. Who is known as father of modern economics?
  - a. Ragnar Frisch
  - b. Adam Smith
  - c. Marshall
  - d. None of these
  
5. Which of the following features define human needs:
  - a. are not concurrent;
  - b. do not disappear momentarily if they are satisfied;
  - c. are unlimited in capacity;
  - d. are unlimited in number.
  
6. Which of the following best defines price discrimination?
  - a. charging different prices on the basis of race
  - b. charging different prices for goods with different costs of production
  - c. charging different prices based on cost-of-service differences
  - d. selling a certain product of given quality and cost per unit at different prices to different buyers

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

1. Define Micro Economics
2. What is Firm's Equilibrium?
3. State two advantages of payback period method?
4. What is capital budgeting?
5. What is First degree price discrimination?
6. What is Risk?

- Q.2 Answer the following. (4 mark each. All Compulsory)** (12)
- A. What is market structure? Explain the factors determining market forms.
  - B. Discuss perfect competition along with its features.
  - C. What is Duopoly? What are the advantages of it?
- Q.3 Answer the following. (6 mark each. Any Three out of Four)** (18)
- A. Explain imposition of lump sum taxes under perfect competition along with proper diagram.
  - B. Discuss the concept of Price Discrimination with examples. Also explain the degrees of price discrimination.
  - C. What is 'monopoly'? Explain the important characteristics of monopoly market.
  - D. Explain three concepts of social welfare mentioning in each case the approach to the inter-personal comparison of utility.
- Q.4 Answer the following. (9 mark each. Any Two out of Three)** (18)
- A. Distinguish between Monopoly and Oligopoly markets.
  - B. Write a short note on Monopolistic Competition.
  - C. Show how a firm in a perfectly competitive market earns normal profit. Explain with the help of diagram.