

PARUL UNIVERSITY
FACULTY OF MANAGEMENT
BBA Winter 2019 - 20 Examination

Semester: 1
Subject Code: 06101104
Subject Name: Principles of Economics - 1

Date: 25/11/2019
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 Do as Directed.

Multiple choice type questions/Fill in the blanks. (Each of 1 mark) (05)

1. An individual demand curve slopes downward to the right because of the

a) Working of the law of diminishing	c) income effect of fall in Price
b) substitution effect of decrease in	d) All of the above
2. Economics is the study of

a) production technology	c) how society decides what, how, and for whom to produce
b) consumption decisions	d) the best way to run society
3. A supply curve is directly affected by

a) technology	c) government regulation
b) input costs	d) all of the above
4. Which of the following best defines price discrimination?

a) charging different prices on the basis of race	c) charging different prices based on cost- of-service differences
b) charging different prices for goods with different costs of production	d) selling a certain product of given quality and cost per unit at different prices to different buyers
5. Innovative theory of profits was developed by

a) Prof. J.A. Schumpeter	c) Prof. Frank H. Knight
b) Prof. Hawley	d) Prof. Meyers

B).Define the following. (Each of 1 mark) (05)

1. Economics
2. Quasi-Rent
3. Demand function
4. Production possibility curve
5. Consumer Surplus

C).Direct questions. (Each of 1 mark) (05)

1. Explain any two components of Gross Interest.
2. What is Product Differentiation?
3. Discuss the basic problems of an economy.
4. List down any four determinants of supply.
5. Differentiate between time wage and piece wage.

Q.2 Answer the following questions.

A). Define Rent and discuss various types of Rent. (07)

B). What is Marginal Utility? State the law of diminishing marginal utility in terms of a schedule and a diagram. (08)

Q.3 Answer the following questions.

A).What does mixed economy mean? What are the main features of mixed economy? (07)

- B).** Distinguish between : i) Perfect competition and monopolistic competition (08)
ii) Monopoly and oligopoly

Q.4 Attempt any two questions. (Each of 7.5 mark) (15)

1. Distinguish between change in demand and shift in demand. Explain factors which cause shift in demand.
2. Explain the law of supply through a supply schedule and a supply curve. Why does a supply slope upward to the right? What factors cause a rightward shift of the supply curve?
3. What is Micro Economics? State the importance and limitations of micro economics.
4. Marginal productivity theory explains how total product is distributed among various factors of production. Explain the validity of this statement.