

**PARUL UNIVERSITY**  
**FACULTY OF MANAGEMENT**  
**BBA, Winter 2018- 19 Examination**

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

**Date: 29/11/2018**  
**Time: 10:30am to 1:00pm**  
**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.****A). Multiple choice type questions/Fill in the blanks. (Each of 1 mark) (05)**

1. Private property is the most essential feature of \_\_\_\_\_ economy.
 

a) Free market economy	c) Planned Economy
b) Mixed Economy	d) None of the above
- 2 The cost of one thing in terms of the alternative given up is called \_\_\_\_\_.
 

a) Real Cost	c) Production Cost
b) Opportunity Cost	d) Physical Cost
- 3 Assume that consumer's income and the number of sellers in the market for good X both falls. Based on this information, we can conclude with certainty that the equilibrium \_\_\_\_\_.
 

a) Price will rise	c) Price Will fall
b) Quantity will increase	d) Quantity will decrease
- 4 In which of the following market structure is the degree of control over the price of its product by a firm very large?
 

a) Perfect Competition	c) Monopoly
b) Oligopoly	d) Duopoly
- 5 An Equilibrium price refers to a price at which \_\_\_\_\_.
 

a) Demand is more	c) Supply is more
b) Demand and supply becomes equal	d) none of the above

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

1. Free goods
2. Differential Rent
3. Utility
4. Equilibrium Price
5. Gross Profit

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

1. Define Economics in the words of Robbins.
2. Distinguish between want and demand.
3. List down any two exception to the law of demand.
4. What is Quasi Rent?
6. Differentiate between Gross and net interest.

**Q.2 Answer the following questions.**

**A)** "When consumer consumes the same commodity again and again its marginal utility starts diminishing." – Explain.

**B).** Explain in detail importance of the Micro Economics Study and its limitations. **(08)**

**Q.3 Answer the following questions.**

**A).** Define monopolistic competition and explain its features with real life examples. **(07)**

**B).** How real wages is different from nominal wages? Identify different factors affecting real wages. **(08)**

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

1. Draw Production possibility curve and also state its assumptions.
2. List down the different determinants of Demand and also provide suitable example for each of the determinant.
3. State Law of supply and explain extension –contraction of supply and increase –decrease in supply.
4. Discuss in detail marginal productivity theory of distribution and also state its assumptions.