

PARUL UNIVERSITY
FACULTY OF LAW
B.A. LL.B. Summer 2018 – 19 Examination

Semester: 2
Subject Code: 17301182
Subject Name: Micro Economics

Date: 15/04/2019
Time: 10:30am To 01:00pm
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.**(15)**(MCQ) (1 marks each. All Compulsory)

1. _____ is a competitive market situation where there are many sellers, but they are selling heterogeneous (dissimilar) goods as opposed to the perfect competitive market scenario.
 - a) Monopoly
 - b) Imperfect competition
 - c) Oligopoly
 - d) Perfect competition
2. A _____ has only one buyer for a particular good or service, giving that buyer significant power in determining the price of the products produced.
 - a) oligopoly
 - b) monopoly
 - c) duopoly
 - d) monopsony
3. _____ refers to the functional relationship between market demand and the factors affecting market demand.
 - a) Supply curve
 - b) Demand curve
 - c) Possibility curve
 - d) Market demand function
4. Which is the correct equation for individual demand function:
 - a) $D_x = f(P_x, P_r, T, F)$
 - b) $D_x = f(P_x, P_r, Y, T, F)$
 - c) $D_x = f(P_x, P_r, Y, T, F, P_o)$
 - d) $D_x = f(P_x, P_r, Y, P_o, S, D)$
5. The _____ is the change in consumption patterns due to a change in the relative prices of goods.
 - a) supply
 - b) income effect
 - c) substitution effect
 - d) duopoly
6. Consider the following statements and identify the right one/ones:
 - [i] Finite resources can be renewed.
 - [ii] Opportunity cost measures the cost of any choice in terms of the next best alternative foregone.
 - a) only [i]
 - b) only [ii]
 - c) both [i] and [ii]
 - d) none
7. Which of the following is not a characteristic/ assumption of perfect competition:
 - a) Perfect knowledge
 - b) Free entry and exit
 - c) Transportation cost
 - d) Homogeneous product
8. _____ means other things being equal.
 - a) Perfect competition
 - b) Ceteris paribus
 - c) Monopoly
 - d) Economic rationality
9. _____ is a group of buyers and sellers of a particular good or service.
 - a) Inflation
 - b) Market
 - c) Supply
 - d) Demand
10. _____ or limited resources, is one of the most basic economic problems we face.
 - a) Unemployment
 - b) Interdependence
 - c) Scarcity
 - d) None of the above
11. If quantity demanded becomes completely unresponsive to price changes, the coefficient tends to be zero. What is such a demand known:
 - a) Perfectly elastic demand
 - b) Unit elastic demand
 - c) Inelastic demand
 - d) Perfectly inelastic demand

12. Which of the following is not a supply curve determinant:
- | | |
|----------------------|-----------------|
| a) Taste | b) Expectations |
| c) Number of sellers | d) Technology |
13. Which of the following is microeconomics:
- | | |
|---------------------|---------------------------------------|
| a) Inflation | b) Unemployment |
| c) Household income | d) The level of output in the economy |
14. _____ in economics is the consumer's desire and ability to purchase a good or service.
- | | |
|----------------------|---------------------|
| a) Demand | b) Supply |
| c) None of the above | d) All of the above |
15. _____ is a kind of imperfect market where two sellers exist in the market providing a particular product or service.
- | | |
|--------------|-----------------------------|
| a) Duopoly | b) Monopoly |
| c) Oligopoly | d) Monopolistic competition |

Q.2 A) Answer the following (Each of three mark) (15)

1. What is economic rationality? Explain with example.
2. Explain the term ceteris paribus with example.
3. State difference between macro vs micro economics.
4. What is oligopoly? State its features.
5. Explain renewable and finite with example.

Q.3 A) Explain the features of perfect competition in detail. (08)

OR

Explain substitution effect and income effect with diagram. (08)

B) Explain in detail production possibility curve. (07)

OR

Explain the main characteristics of imperfect competition. (07)

Q.4 A) Explain in detail types of elasticity of demand with graphs. (07)

B) Answer the following (Any 4 each of two mark)

1. What is individual demand function? (08)
2. What is market demand function?
3. Explain monopsony with example?
4. Explain duopoly with example?
5. What is monopoly? State its features?
6. Explain the law of diminishing returns.