

PARUL UNIVERSITY
FACULTY OF LAW
I-B.Com LL.B 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

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 .