

Seat No: _____

Enrollment No: _____

PARUL UNIVERSITY
FACULTY OF COMMERCE
B.Com - Mid Term Examination - April '17

Semester : II
Subject Code : 16100155
Subject Name : Microeconomics

Date: 17/04/2017
Time: (2 hrs)
Total Marks: 40

Instructions:

1. Attempt all questions from each section.
2. Figures to the right indicate full marks.
3. Make suitable assumptions wherever necessary.

- Q.1 Do as directed (MCQs, Definitions, One liner) (1 x1) (08)
1. If a government decided to impose price controls on gasoline, what could it do to avoid the time wasted waiting in lines? Though there are several solutions to this problem, only one of the options below is correct.
 - a. Restrict gasoline consumption to high-value uses.
 - b. Ban lines for gasoline.
 - c. Create gasoline rations.
 - d. Create gasoline rationing.
 2. If there is excess demand for a product because of price controls, we can be sure that the price control being used is a:
 - a. price floor
 - b. price ceiling
 - c. excise tax on producers
 - d. sales tax on consumers
 3. What is the difference between cost and price?
 4. What are the main causes behind deadweight loss?
 5. What is price?
 6. A price ceiling creates ____ when it is set ____ the equilibrium price
 - a. excess demand -- below
 - b. excess demand -- above
 - c. excess supply -- below
 - d. excess supply -- above
 7. What is black marketing?
 8. Who interferes in the functioning of market system to influence prices?
- Q.2 Short Note: (08)
1. Perfect competition
 2. Various forms of market
- Q.3 Answer the following: (08)
1. Compare the Perfect Competition and Monopoly market. Which is the better market?
 2. What would be the impact of imposing a price floor below the equilibrium price?
- Q.4 Answer the following: (Any 2 out of 3) (08)
1. How the Tax Burden is shared between Buyers and Sellers? Explain the concept the case of perfectly inelastic demand and case of perfectly elastic demand (individually).
 2. Explain the causes of Monopoly.
 3. Does a price ceiling change the equilibrium price? Give reason for your answer with an appropriate example and diagram.
- Q.5 Answer any one out of two: (08)
1. What is price control? Explain minimum and maximum price concept with diagram.
 2. What all can happen to Monopolistic firms in the short run?
