Maulana Abul Kalam Azad University
of Technology, West Bengal

Utech

MAULANA ABUL KALAM AZAD UNIVERSITY OF TECHNOLOGY, WEST BENGAL

Paper Code : BBAN-104
PUID : 01303 (To be mentioned in the main answer script)

ECONOMICS (MICRO)

Time Allotted : 3 Hours   *Full Marks* : 70

The figures in the margin indicate full marks.
Candidates are required to give their answers in their own
words as far as practicable.

GROUP – A
(Multiple Choice Type Questions)

1. Choose the correct alternatives for any *ten* of the following :
                                        $10 \times 1 = 10$

    i) A fall in the price of X from \$12 to \$8 causes an increase in the quantity of Y demanded from 900 to 1,100 units. X and Y are

    a) complements   b) normal goods

    c) substitutes   d) inferior goods.

    ii) A vertical supply curve indicates an elasticity of supply that equals

    a) 0   b) infinity

    c) 1   d) none of these.

    iii) If total revenue is divided by the units sold, we shall get

    a) total revenue   b) marginal revenue

    c) average revenue   d) total profit.

iv) An increase in Raima's income decreases her demand for cassette tapes. For her, cassette tapes are

    a) a complement to any good

    b) a normal good

    c) an inferior good

    d) a substitute good.

v) The price elasticity of demand can range between

    a) negative one and one

    b) zero and infinity

    c) zero and one

    d) negative infinity and infinity.

vi) Change in the demand for apples due to increase in its price is .... of demand

    a) contraction   b) extension

    c) increase   d) decrease.

vii) If total revenue is divided by the units sold, we shall get

    a) total revenue   b) marginal revenue

    c) average revenue   d) total profit.

viii) Average revenue is always .... the price of the commodity.

    a) equal to   b) more than

    c) lesser than   d) more or lesser than.

ix) If a rightward shift of the supply curve leads to a 6 percent decrease in the price and a 5 percent increase in the quantity demanded, the price elasticity of demand is

    a) 0·83   b) 0·30

    c) 0·60   d) 1·20.

x) If all resources used in the production of a product are increased by 20 percent and output increases by 20 percent, then there must be

a) economies of scale

b) diseconomies of scale

c) constant returns to scale

d) increasing average total costs.

xi) If marginal product is decreasing, total product will increase at the .... rate.

a) same

b) increasing

c) decreasing

d) normal.

xii) Which is not a fixed cost ?

a) monthly rent of $1,000 contractually specified in a one-year lease

b) an insurance premium of $50 per year, paid last month

c) an attorney's retainer of $50,000 per year

d) a worker's wage of $15 per hour.

GROUP – B
(Short Answer Type Questions)

Answer any *three* of the following. 3 × 5 = 15

2. How is the demand for a commodity affected by a fall in the price of other commodities ? Explain.

3. Differentiate between substitute goods and complementary goods.

4. Distinguish between expansion in demand and increase in demand.

5. Show the different degrees of elasticity of demand with the help of a diagram.

6. Write down the concept of normal goods and inferior goods ?

GROUP – C

(Long Answer Type Questions)

Answer any *three* of the following.   3 × 15 = 45

7. How do you define the influencing factors of demand. Explain why the demand curve for an inferior good does not have to be upward rising.   5 + 10

8. What is elasticity ? How can you measure price elasticity of demand ? Explain any two methods. ·   2 + 10 + 3

9. Suppose the demand function for story books is given by

$$D_x = 100 - 0.5P_x + 2P + 100Y$$

where D_x = demand for story books

P_x = Price of story books

P = price of toys

Y = income of the buyer

i) Find price elasticity of story books when $P_x = 60$.

ii) What do you conclude about nature of story books from its income elasticity when $Y = 50$?

iii) From the cross price elasticity (when $P = 10$), how can you conclude about the relation between story books and toys ?   5 + 5 + 5

10. a) What economic measure can the government take to reduce demand for commodity X which is harmful for health ?

b) Suggest any economic measure by which the government can promote consumption of KHADI.   8 + 7

11. What is demand ? Why the slope of demand curve is downward. State the exceptions to the Law of demand ?   2 + 8 + 5