SARDAR PATEL UNIVERSITY

Semester End Examination 2018

F.Y.B.A (Adv) SEMESTER I
UA01EEEC21- MICRO EOCNOMIC THEORY I

Date: 24ᵀᴴ OCTOBER 2018, Wednesday

Marks: 60

Time: 10.00 AM TO 12.00 PM

Note: Figures to the right indicate marks.
Draw diagrams wherever necessary.

Q.1   Attempt the following   (15)

1) Economics is the study of
   a) How society manages its unlimited resources.
   b) How to reduce our wants until we are satisfied.
   c) How society manages its scarce resources.
   d) How to fully satisfy our unlimited wants.

2) When Total Utility of a commodity is maximum, Marginal Utility is
   a)Positive   b) Negative   c) Zero   d) Increasing

3) Which is not a basic postulate
   a) Perfect competition   b) Rationality
   c) Cetris paribus   d) None of these.

4) Positive economics deals with
   a) What ought to be   b)What is   c)What will be   d) All of these

5) Indifference curve is always _____ to the origin.

6) Indifference curves cannot intersect each other due to
   a) Transitivity   b) Non-transitivity   c) Weak ordering   d) All of these

7) Dynamic analysis deals with _____
   a) Two static equilibriums   b) On static equilibrium
   c) Path between two equilibrium point d) None of these

8) Income elasticity of demand is defined as _____

9) Indifference curve is convex to the origin due to
   a) Marginal Rate of Technical Substitution

(1)   /   (P·T· o·)

b) Marginal Rate of Substitution
c) Diminishing Marginal Rate of Technical Substitution
b) Diminishing Marginal Rate of Substitution

10) Production function is_____

11) Increasing returns to scale exits when proportionate change in input is
   a) Less than proportionate change in output
   b) Greater than proportionate change in output
   c) Equal to proportionate change in output
   d) All of the above

12) Iso Quant is always_____ to the origin.

13) Factor substitution means_____
14) Short run production function is know as _____
15) Inferior goods are_____

Q2. Derive consumer's equilibrium with the help of indifference curve and budget line.   **(15)**

OR
                                                                                              (15)
Q2. Explain law of variable proportion.

                                                                                              (15)
Q3. Discuss price, income and cross elasticities of demand.

OR
                                                                                              (15)
Q3. What do you understand by Law of returns to scale?

                                                                                              (15)

Q4. Attempt **ANY TWO** of the following:
   a)   Characteristics of indifference curve.
   b)   Law of Diminishing Marginal Utility.
   c)   Consumer surplus analysis.
   d)   Postulates of Economics.

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