

ST JOSEPH'S COLLEGE (AUTONOMOUS), BANGALORE-27

B.A. ECONOMICS- I SEMESTER

SEMESTER EXAMINATION: OCTOBER 2019

ECA 1118: MICRO ECONOMICS

Time: 2 ½ hrs

Max Marks: 70

This paper contains 2 printed pages and three parts

PART-A

I Answer any TEN of the following:

3X10=30

- 1) What are the basic problems of an economy?
- 2) State the law of demand.
- 3) What is an indifference curve and an indifference map?
- 4) Mention the factors of production.
- 5) Distinguish between short run and long run production functions.
- 6) What is perfect competition? Mention any three features.
- 7) What is product differentiation? Give an example.
- 8) Define Oligopoly.
- 9) What are wage differentials.
- 10) Calculate marginal utility when $TU_n=38$ and $TU_{n-1}= 13$.
- 11) Distinguish between inductive and deductive methods.
- 12) What is a budget line? Represent it diagrammatically.

PART B

II Answer any TWO of the following:

5X2=10

- 13) Briefly explain the concepts of extension and contraction of demand.
- 14) Calculate MC and AC for the following data:

Q	0	1	2	3	4	5	6	7
TC	100	125	145	160	180	206	236	273
MC								
AC								

- 15) Define interest. Explain the classical theory of interest.

PART C

III Answer any TWO of the following:

15X2=30

- 16) Explain the income effect, price effect and substitution effect using the concept of indifference curves.
- 17) Define internal economies of scale. Explain its types.
- 18) What is price discrimination? How is price and output determined under discriminating monopoly?

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SCHEME:

3 MARKS:

- 1) What to produce? How to produce? For whom to produce?
- 2) Demand varies inversely with price Ceteris Paribus.
- 3) IC shows equal satisfaction at all points on the curve. A set of IC curves is a map.
- 4) Land, labour, capital, organization.
- 5) Short run all factors are fixed, Long run mostly variable factors.
- 6) Perfect competition- homogenous products, price determined by market forces. Any 3 features can be given.
- 7) Differentiation of a product based on packaging, colour, brand, etc.
- 8) Few sellers in the market.
- 9) Wages are different in the same profession based on different factors.
- 10) $MU=25$
- 11) Inductive is specific to general, deductive is general to specific.
- 12) Budget line is combination of goods based bought with given income.

5 MARKS:

- 13) Extension and contraction of demand is based on the changes in price.
- 14) $MC= - , 25, 20, 15, 20, 26, 30, 37$. $AC= 0, 125, 72.5, 53.33, 45, 41.2, 39.33, 39$
- 15) Reward for capital. Explain the theory.

15 MARKS:

- 16) Price , income, substitution effects to be explained using diagrams. Price effect change in satisfaction because of change in prices, income remaining constant Income effect – changes in income leads to shift in IC. Substitution effect how substitution of goods are done.
- 17) Technical, managerial, by products, etc.
- 18) Different prices charged for the same product in different markets by a monopolist. Explain with diagrams.