

JK LAKSHMIPAT UNIVERSITY, JAIPUR

INSTITUTE OF ENGINEERING AND TECHNOLOGY

End Term Examination (Backlog), April-May 2015

B. Tech II Year (all branches), Semester IV

Roll No.....

HS401: Principles of Economics

Time: 3 hours

Max. Marks: 100

Instructions to students:

1. Do not write anything other than your roll number on question paper.
2. Assume suitable data wherever required and mention it clearly.
3. Writing appropriate units, nomenclature, and drawing neat sketches/schematics/ flow chart wherever, required are an integral part of the answer.

Q.1A Objective type multiple choice questions (10 questions @ 1 mark)

10

i. TP will increase at increasing rate if

- a) MP (+) but decreasing
- b) MP (+) but constant
- c) MP (+) but increasing
- d) None



ii. Giffen goods are goods

- a) For which demand increases as price increases
- b) Which have a high income elasticity of demand
- c) Which have a low cross elasticity of demand
- d) Which are in very short supply

iii. The equilibrium of the firm in any market occurs when:

- a) $P=MC$
- b) $MC=MR$
- c) $P=MR$
- d) $AC=MC$

iv. How would you indicate relatively elastic demand by using one of the following degrees?

- a) $E = 0$
- b) E is less than 1
- c) E is greater than 1
- d) $E = \text{infinity}$

v. A fall in price of a commodity leads to

- a) A shift in demand
- b) A fall in demand
- c) A rise in the consumer's real income

d) A fall in consumer's real income

vi. Which of the following commodities has the most inelastic demand?

- a) Salt
- b) Cigarettes
- c) Soft Drink
- d) Chocolate

vii. A market in which firms are selling differentiated product, called:

- a) Monopolistic
- b) Duopoly
- c) Oligopoly
- d) Perfect competition

viii. The shutdown point for a firm is

- a) $P > AVC$
- b) $P < AVC$
- c) $P = AVC$
- d) $P \neq AVC$

ix. Marginal cost are closely associated with

- a) Variable cost
- b) Total cost
- c) Average cost
- d) Fixed cost

x. If ΔTU_x is 40 then MU_x will be

- a) 40
- b) 25
- c) 20
- d) 5



Q.2 Short answer type questions (4 questions @ 2.5 marks)

10

- i. Define Fixed and variable exchange rate
- ii. Types of Utilities
- iii. Define Law of Diminishing Marginal Utility
- iv. Exceptions of Law of Supply

Q.3A Explain the difference among want, desire and demand?

05

Q.3B What is the difference between Law of Returns to a Factor and Law of Returns to Scale?

05

Q.4A Discuss the Total Expenditure Method of elasticity of Demand.

05

Q.4B Discuss the different types of economy system.

05

Q.5A Explain the features of Perfect competition.

05

Q.5B What are the exceptions of Law of Demand?

05

Q.6A Explain the Kinky Demand Curve of oligopoly market.

05

Q.6B Discuss the two components of Balance of payment.

05

OR

Q.6B What are the different determinants of demand?

05

Q.7A Circular flow of income and expenditure in three sector model.

05

Q.7B Market equilibrium with the help of its two forces.

05

OR

Q.7B Define inflation and its reasons in India.

05

Q.8A Discuss the different degrees of Price Elasticity of Demand.

10

Q.9A Discuss the different types of cost function.

10

Q.9B Discuss the various economies and diseconomies of scale.

10

OR

Q.9B Explain the various concepts of National Income.

10

