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END SEMESTER EXAMINATION - NOVEMBER/DECEMBER 2025

ECONOMICS - I SEMESTER BA (Repeaters)

24UBA14A –MICRO ECONOMICS

Time: 3 Hours **Max. Marks: 80**

Instruction: *Answer should be written completely in English.*

SECTION - A

Answer any ten questions. Each question carries two marks. **(10X2=20)**

1. State any two limitations of consumer surplus.
2. Distinguish between individual demand and market demand.
3. Write a note on consumer's sovereignty?
4. Show how inclusion of implicit cost changes economic cost.
5. What is below-capacity and above-capacity production?
6. Distinguish between Total Product and Average Product.
7. Why is the Law of Variable Proportions applicable only in the short run?
8. What does the point of tangency between isoquant and iso-cost line indicate?
9. Using an example from the automobile market, explain how firms avoid price wars under oligopoly.
10. Mention any two characteristics of monopoly.
11. Define welfare economics?
12. Mention two conditions necessary for Pareto Optimality.

SECTION - B

Answer any six questions. Each question carries five marks. **(6X5=30)**

13. State the essential features of demand.
14. Apply the law of demand to explain what happens when the price of apples falls.
15. Interpret the meaning of opportunity cost with an example.
16. What is an Iso-cost line? Write its formula and meaning of each term.
17. Apply Long Run cost theory to explain economies of scale in automobile productivity.
18. Describe the main criticisms of the Marginal Productivity Theory of Distribution.
19. Explain the main assumptions of the Kinked Demand Curve Model.
20. How can the SWF be used to decide an optimal taxation policy?

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SECTION - C

Answer any three questions. Each question carries ten marks. **(3X10=30)**

21. Compare and contrast survey method, trend projection, and econometric method with examples.
22. Under imperfect competition, why does the Marginal Revenue (MR) curve lie below the Average Revenue (AR) curve? Illustrate your answer with a neatly labelled diagram.
23. Discuss the advantages and limitations of economies of scale. Why do firms face rising costs beyond a certain level of expansion?
24. Apply the Kinked Demand Curve Model to explain why petrol prices remain stable even when costs fluctuate.
25. Why are value judgments important in welfare economics?

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