VIT®

Vellore Institute of Technology

(Deemed to be University under section 3 of UGC Act, 1956)

School of Social Sciences and Languages
Continuous Assessment Test 1
September 2023 – Fall Semester
(B.tech – All branches)

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| **Course Code** | : BHUM103L | **Duration** | : 90 Minutes. |
| **Course Name** | : Microeconomics | **Max. Marks** | : 50 Marks |
| **Class No** | : VL2023240104392 | **Date** | : 14/09/2023 |
| **Slot** | : E1+TE1 | **Time** | : 09.30 a.m to 11.30 a.m |
| **Faculty-In-Charge** | : Dr. K. Nilavathy | | |

Answer All the Questions (5 x 10 = 50 Marks)

| Q. No. | Questions | Max. Marks |
|---|---|---|
| 1. | "Art is subjective while science is objective, whereas economics is both subjective and objective". – Comment on it. | 10 |
| 2. | In order to encourage tourism in Agra, the government of India suggests Indian Airlines to reduce airfare to Agra from all the major cities. If Indian Airlines reduces the airfare to Agra as government suggested, how will this affect the market demand curve for air travel to Agra? Illustrate with proper examples. | 10 |
| 3. | What does the law of diminishing marginal utility explain about the behaviour of the consumer? | 10 |
| 4. | The Net Sales and Gross Profit of a company over the years are given below. Estimate the Gross Profit of the company if the net sale is 300 by using the appropriate regression straight line equation. | 10 |

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|---|---|---|---|---|---|
| **NET SALES** | 203 | 196 | 181 | 220 | 250 |
| **GROSS PROFIT** | 84 | 79 | 80 | 97 | 120 |

| | | |
|---|---|---|
| 5. | A household spends 120 on purchase of a commodity when its price is 6 per unit. When price rises to 10 per unit, his total expenditure on this commodity becomes 180. Calculate price elasticity of demand by percentage method. And also Explain about the degrees of price elasticity of demand with proper illustration. | 10 |