



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
February 2024 – Winter Semester
(B.tech – All)

Course Code : BHUM103L
Course Name : Microeconomics
Class No : VL2023240505146
Slot : F2+TF2
Faculty-In-Charge : Dr. Shahid Hamid Raina

Duration : 90 Minutes.
Max. Marks : 50 Marks
Date : 16-02-2024
Time : 2:00Pm-3:30Pm

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

Q. No.	Questions	Max. Marks
1.	Critically discuss various definitions of economics.	10
2.	Explain the various properties of an indifference curve. Discuss the factors that can shift a demand curve.	5+5
3.	Given a utility function $U = X + 2(Y + 1)$, P_x (price of X) = 4, P_y (price of Y) = 6 and M (income) = 130. Find the utility maximising quantities of X and Y using Lagrange method. Show the equilibrium graphically also.	7+3
4.	What is price elasticity of supply? Discuss various degrees of price elasticity of supply with suitable examples.	2+8
5.	Given an increase in income from Rs 40000 to 80000, the demand for product A decreased from 15000 to 12000 units where as the demand for product B increased from 14000 to 16000 units. Calculate the income elasticity of demand for both the products using midpoint method. Based on the value of elasticity, comment upon the nature of the two goods.	7+3