



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
August 2024–Fall Semester
(B.tech –All)

Course Code	: BHUM103L	Duration	: 90 Minutes.
Course Name	: Microeconomics	Max. Marks	: 50 Marks
Class No	: VL2024250104424	Date	: 31-8-2024
Slot	: G1+TG1	Time	: 9:30am-11:00am
Faculty-In-Charge	: Dr. Shahid Hamid Raina Dr. Aquib Parvez Dr. Irshad C.V		

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

Q. No.	Questions	Max. Marks
1.	Discuss positive and normative economics with suitable examples.	10
2.	(a) Explain the law of demand with the help of a demand schedule and a demand curve. (b) Elucidate the shifting and rotation of a budget line with the help of suitable diagrams.	5+5
3.	Suppose Rahul has a utility function of $U = X^{0.4} Y^{0.6}$, where X and Y are two goods. The prices for X and Y are Rs.4 and 6 respectively. With a budget of Rs. 100, find the utility maximizing quantities of X and Y that Rahul can have. Also show the optimal point graphically.	8+2
4.	What is cross price elasticity of demand? Discuss various types of demand curves on the basis of price elasticity of demand.	3+7
5.	For a particular product, price was reduced from Rs. 50 per unit to Rs. 48 in order to attract more customers. It was observed that the demand for the product subsequently increased from 100 to 110 units. Calculate the price elasticity of demand using midpoint method.	10