


W/D/TY

Reg. No. 



**VIT**  
Vellore Institute of Technology  
(Approved by the University Grants Commission, New Delhi, India, 1978, Act, 1956)

### Final Assessment Test - April 2025

Course: **BHUM103L - Micro Economics**

Class NBR(s): **5984**

Time: **Three Hours**

Slot: **B1+TB1**

Max. Marks: **100**

➤ **KEEPING MOBILE PHONE/ANY ELECTRONIC GADGETS, EVEN IN 'OFF' POSITION IS TREATED AS EXAM MALPRACTICE**

➤ **DON'T WRITE ANYTHING ON THE QUESTION PAPER**

Answer **ALL** Questions

(10 X 10 = 100 Marks)

- ✓ 1. Graphically illustrate the case of a perfectly competitive firm that move from a normal profit condition to super normal profit in the short run. Provide a note on the conditions of these transitions using marginal revenue and marginal cost concepts.
- ✓ 2. Illustrate the concept of budget line with the example of a schedule and graph. Illustrate the changes in price and income using suitable graphs.
- ✓ 3. Graphically illustrate the five types of supply curves. Discuss the value of elasticity of each type of the supply curve.
- ✓ 4. Production function of a firm is given as  $Q = L^{2/3}K^{2/3}$ . Wage rate is \$ 20, rate of interest is \$ 40, and budget of the producer is \$ 960. Find the optimum quantities of Labour(L) and Capital (K) using Lagrange method.
- ✓ 5. Demand for Apple is given as  $Q_A = 300 - 6P_A - 0.5P_B + 0.8M$ . Price of Apple ( $P_A$ ) is \$ 20, Price of Orange ( $P_B$ ) is \$ 40, and Income (M) is \$ 1200. Find own elasticity of demand for Apple, cross elasticity of Apple, and income elasticity of Apple.
6. Numerically illustrate and graphically show the concept of short-run cost theory. Explain the relationship between average cost curves.
7. Explain the concept of pareto optimality with the help of a suitable illustration.
- ✓ 8. Discuss the law of equi-marginal utility with a suitable numerical example [all three laws should be discussed].
- 9.a) Explain the rigidity of prices and discontinuity of marginal revenue curve (MR) in oligopoly.

OR

- ✓ 9.b) Discuss the short run equilibrium of a firm under perfect competition.
- ✓ 10.a) Compare and contrast microeconomics and macroeconomics.

OR

- 10.b) Compare and contrast the major definitions of economics.

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