



SCHOOL OF SOCIAL SCIENCES AND LANGUAGES
CONTINUOUS ASSESSMENT TEST - I
WINTER SEMESTER 2025-2026

Programme Name & Branch : B.TECH/ALL
Course Code and Course Name : BHUM103L - MICROECONOMICS
Faculty Name : Dr. K. NILAVATHY
Class Number : VL2025260503820
Date of Examination : 02/02/2026 - 09.30 a.m to 11.00 a.m
Exam Duration : 90 minutes **Maximum Marks: 50**

General instruction(s):

- Answer All Questions
- M - Max mark; CO – Course Outcome; BL – Blooms Taxonomy Level (1 – Remember, 2 – Understand, 3 – Apply, 4 – Analyse, 5 – Evaluate, 6 – Create)
- Course Outcomes - The following are the CO statements covered in this question paper.

CO1. Describe traditional and modern definitions of economics.

CO2. Analyse supply and demand forces that determine equilibrium in a market economy

Q. No	Question	M	CO	BL
1.	Why Robbins' definition is considered more scientific than earlier definitions?	10	1	2
2.	Explain consumer equilibrium using indifference curves and budget line, and analyse what happens when the budget line shifts.	10	2	2
3.	In a metropolitan city, the demand for electric scooters has increased significantly over one year. The following changes occurred simultaneously: <ul style="list-style-type: none"> • The government announced a subsidy on electric scooters. • Average consumer income increased due to salary revisions. • The price of electric scooters remained constant throughout the year. As a result, at the same price of scooter, the quantity demanded increased. <ol style="list-style-type: none"> 1. Identify whether the change described is a movement along the demand curve or a shift in the demand curve. Give reasons. 2. State the direction of the shift in the demand curve. 3. Draw a diagrammatic representation of the change and label it appropriately. 	10	2	3
4.	Explain how equilibrium price is established under the following two situations, with the help of suitable demand and supply diagrams? (a) When the market price is below the equilibrium price, and (b) when the market price is above the equilibrium price.	10	2	2
5.	Ms. Riya is a junior software employee living in an urban area. Initially, her monthly income was ₹25,000. After a promotion, her income increased to ₹40,000 per month. The change in income affected her consumption pattern as follows:	10	2	3



VIT

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

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SLOT: G1+TG1

Commodity	Quantity Demanded before income rise	Quantity Demanded after income rise
Food Item X (Locally produced coarse rice)	15 units	9 units
Lifestyle Item Y (Premium packaged basmati rice)	4 units	12 units

1. Calculate the income elasticity of demand for Commodity X and Commodity Y.
2. Identify the nature of each commodity based on the calculated elasticity.
3. Compare the degree of responsiveness of demand for the two commodities with proper diagram.
4. Using economic reasoning, explain why income growth leads to such changes in consumption.