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**PRESIDENCY UNIVERSITY
BENGALURU**

SET B

**SCHOOL OF LAW
END TERM EXAMINATION - JAN 2024**

Semester : Semester I - 2023

Course Code : BAL2009

Course Name : Introduction to Economics

Program : BA LLB Honors

Date : 12-JAN-2024

Time : 1:00 PM - 4:00 PM

Max Marks : 100

Weightage : 50%

Instructions:

- (i) Read all questions carefully and answer accordingly.
- (ii) Question paper consists of 1 part.
- (iii) Scientific and non-programmable calculator are permitted.
- (iv) Do not write any information on the question paper other than Roll Number.

ANSWER ALL THE QUESTIONS

10 X 10M = 100M

1. Elaborate on the ideas of scarcity and opportunity cost within the realm of economics. Define scarcity and elucidate its impact on the decision-making process. Explore the concept of opportunity cost, offering examples to elucidate its practical application. Examine the interconnection between scarcity and opportunity cost, delving into the repercussions for individuals, businesses, and society. Furthermore, consider strategies that individuals and organizations can adopt to navigate scarcity effectively and enhance decision-making given the constraints of limited resources.
(CO1) [Comprehension]
2.
 1. Define Economics and Explain Its Main Concerns.
 2. Differentiate Between Microeconomics and Macroeconomics. Provide Examples for Each.
 3. Discuss the Fundamental Economic Problem and How It Influences Decision-Making.
 4. Explain the Concept of Scarcity and Its Impact on Resource Allocation.
 5. Define and Provide Examples of Opportunity Cost.
(CO1) [Comprehension]
3. Explain the idea of various price elasticities of demand within microeconomics, employing visual aids for better comprehension. Define and expound upon the notions of elastic, inelastic, and unitary price elasticities of demand. Employ visual representations to clarify each situation, incorporating demand curves to showcase the responsiveness of quantity demanded in response to price variations. Explore the determinants affecting price elasticity and assess the consequences for producers and consumers across different demand elasticity scenarios.
(CO2) [Comprehension]

4. "Examine a theoretical case study featuring a local bakery named 'Sweet Lucious,' which specializes in producing and vending cupcakes to the nearby community. Sweet Lucious has established its market equilibrium by selling 1,000 cupcakes daily at a price of ₹2 each. Now, envision two scenarios to exemplify the concepts of excess supply and demand.

1. Detail the outcomes if Sweet Lucious opts to increase the price of cupcakes to ₹3 each.
2. Elaborate on the consequences when Sweet Lucious decides to lower the cupcake price to ₹1 each. Employ diagrams to visually represent each scenario and conduct a comprehensive analysis of the implications for Sweet Lucious's cupcake market."

(CO2) [Comprehension]

5. Envision a case study wherein your role is that of an economic analyst providing counsel to a government agency overseeing economic development in a developing nation. In this scenario, the government is currently shaping its economic policies and priorities.

1. With this case study as a foundation, elucidate the fundamental objectives of economics and their potential application in advising the government agency.
2. Delve into the challenges that the government may encounter while striving to attain these economic goals and propose strategies for addressing them, taking into account the distinctive circumstances of the developing country.

(CO3) [Comprehension]

6. Explain the concept of an indifference curve in microeconomics. Provide a detailed discussion on what indifference curves represent, how they are drawn, and the economic insights they offer. Additionally, discuss the characteristics of an indifference curve and how it relates to consumer preferences. Use diagrams to enhance your explanation.

(CO3) [Application]

7. Explain the concept of a production function and its significance in microeconomics. b. Discuss the difference between short-run and long-run production functions. c. How does the law of diminishing marginal returns influence the shape of a production function? Provide examples.

(CO4) [Application]

8. Elucidate the concept of consumer surplus in the context of microeconomics using graphical representation. Define what consumer surplus is and elucidate how it is calculated.

(CO4) [Application]

9. Elucidate the distinctions between monopoly and monopolistic competition in terms of market structure, number of firms, product differentiation, barriers to entry, control over pricing, and market power. Provide examples to illustrate each concept and discuss the implications of these differences for market dynamics and consumer welfare.

(CO5) [Application]

10. Describe perfect competition and outline its key characteristics. Discuss how the following features contribute to the perfect competition market structure:

- Large number of buyers and sellers.
- Homogeneous or identical products.
- Perfect information.
- Free entry and exit of firms.

(CO5) [Application]