

**BACHELOR OF TECHNOLOGY (CBCS - 2023)**  
**B. Tech. Sem-II COMPUTER SCIENCE & BUSINESS SYSTEM : WINTER : 2024**  
**SUBJECT: FUNDAMENTALS OF ECONOMICS**

Day : Wednesday  
Date : 27/11/2024

W-27711-2024

Time : 10:00 AM-01:00 PM  
Max. Marks : 60

**N.B.**

- 1) All questions are **COMPULSORY**.
- 2) Figures to the **RIGHT** indicate **FULL** marks.
- 3) Assume suitable data **WHEREVER** necessary.
- 4) Draw neat diagrams **WHEREVER** necessary.

**Q.1** Explain the concept of market equilibrium. How is the equilibrium price determined in a market? (10)

**OR**

**Q.1** Discuss the factors that influence the elasticity of supply. Why some goods have more elasticity than other. Illustrate. (10)

**Q.2** What is consumer equilibrium? Describe how it is determined using the concepts of budget constraints and indifference curves. (10)

**OR**

**Q.2** How does a change in the price of a good affect consumer equilibrium? Illustrate your answer with a diagram. (10)

**Q.3** Using a diagram demonstrate how a firm reaches cost minimization by combining ISO-Quants and ISO-Cost Line. (10)

**OR**

**Q.3** Define and distinguish among Total Cost (TC), Average Cost (AC) and Marginal Cost (MC). How are these costs calculated. (10)

**Q.4** What is Net National Product (NNP)? How is it calculated from Gross National product (GNP) and what significance does it hold in nation's income? (10)

**OR**

**Q.4** Describe the simple Keynesian model of income determination. How do aggregate demand and aggregate supply interact to determine equilibrium output and income? (10)

**Q.5** Describe the process by which commercial banks create money through the credit creation process. What role does the reserve ratio play in this process? (10)

**OR**

**Q.5** Using the IS-LM model, illustrate the effect of an expansionary monetary policy on income and interest rates. (10)

**Q.6** Define the price and wage rigidities. What are the main causes of these rigidities in the labor and product market? (10)

**OR**

**Q.6** Differentiate between voluntary and involuntary unemployment. Provide examples of each type and discuss their causes. (10)

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