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Name : Dhruv Jain  
Date of Examination : 23<sup>rd</sup> March 2021  
Time of Examination : 2:30 PM  
Examination Roll No : 20036504045  
Program Name : B. Com (Hons) (CBCS)  
Semester : I  
Unique Paper Code : 12275101  
Title of the Paper : Introductory Microeconomics  
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Ans 1)

(a)

(i) Normative Economics, the government should emphasis more on poverty reduction than on economic growth

(ii) Normative Economics, because people would prefer a policy that lowered the level of unemployment to one that brought inflation down.

(iii) Positive Economics, Higher taxes discourage work effort. It is based on the facts.

(iv) Positive Economics, A rapid growth rate of money is the cause of inflation

(v) Normative Economics because government should raise the tax on tobacco as to discourage people from smoking.

(b) In one day

	Wheat	Rice
Kelen	10	10
Chris	20	30

(i) Absolute Advantage in producing wheat is with Chris because he can produce a greater amount of wheat in lesser time as compared to Kelen.

Absolute Advantage in producing rice is also with Chris because he can produce a greater amount of rice in lesser time as compared to Kelen.

(ii) Comparative Advantage

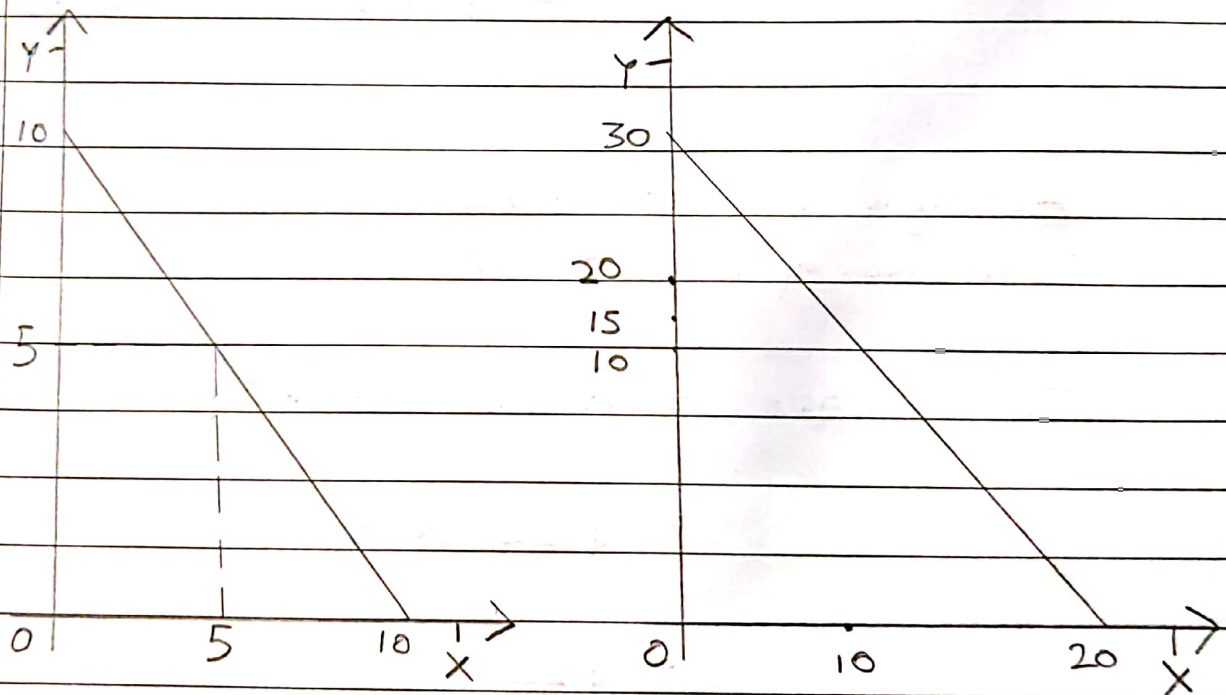
Opportunity Cost

	Wheat	Rice
Kelen	1	1/1
Chris	3/2	2/3



∴ Comparative Advantage in producing wheat is with Helen as he has a lower opportunity cost of producing wheat.

While Comparative Advantage in producing rice is with Chris as he has a lower opportunity cost in producing rice.



Helen

Chris

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$$(C) \text{ Average Variable Cost} = \$18$$

$$\text{Total No. of Units} = 10$$

$$\text{Total Variable Cost} = \text{Average Variable Cost} \times \text{Total No. of Units}$$

$$= \$18 \times 10 = \$180$$

$$\text{Average Cost} = \$22$$

$$\text{Total No. of Units} = 10$$

$$\text{Total Cost} = \text{Average Cost} \times \text{Total No. of Units}$$

$$= \$22 \times 10$$

$$= \$220$$

Total Variable Cost

$$\text{Total Cost} = \text{Average Cost} + \text{Total Fixed Cost}$$

$$\$220 = \text{Total Fixed Cost} + \$180$$

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$$\text{Total Fixed Cost} = \$220 - \$180$$

$$\text{Total Fixed Cost} = \$40$$