



BRAINWARE UNIVERSITY

Course – MCOM

Micro Economics (MCM203)

(Semester – 2)

Time allotted: 3 Hours

Full Marks: 70

[The figure in the margin indicates full marks. Candidates are required to give their answers in their own words as far as practicable.]

Group –A

(Multiple Choice Type Question)

10 x 1 = 10

1. *Choose the correct alternative from the following*
 - (i) The quantity demanded is
 - a. the amount of a good that consumers plan to purchase at a particular price.
 - b. independent of the price of the good.
 - c. independent of consumers' buying plans.
 - d. always equal to the equilibrium quantity.
 - (ii) If the demand for a good is inelastic, an increase in its price will cause the total expenditure of the consumers of the good to
 - a. Increase
 - b. Decrease
 - c. Remain the same
 - d. Became Zero
 - (iii) The law of demand states that, other things remaining the same, the higher the price of a good, the
 - a. smaller is the demand for the good
 - b. smaller is the quantity of the good demanded
 - c. larger is the quantity of the good demanded.
 - d. larger is the demand for the good
 - (iv) The cost of one thing in terms of the alternative given up is called
 - a. Real Cost
 - b. Physical Cost
 - c. Sunk Cost
 - d. Opportunity Cost
 - (v) A drop in the price of a compact disc shifts the demand curve for prerecorded tapes leftward. From that you know compact discs and prerecorded tapes are
 - a. normal goods
 - b. substitutes
 - c. inferior goods
 - d. complements

- (vi) Indifference curves are convex to the origin because
- Two goods are perfect substitutes
 - Two goods are imperfect substitutes
 - Two goods are perfect complementary goods
 - None of the above
- (vii) Some economists refer to iso-quant curves as
- Engels curve
 - Production indifference curve
 - Budget line
 - Ridge line
- (viii) What is the shape of the total fixed cost (TFC) curve?
- Rectangular hyperbola
 - Horizontal
 - Vertical
 - none of the above
- (ix) In the long run, all factors of production are
- variable
 - fixed
 - materials
 - rented
- (x) In which of the following market structure is the degree of control over the price of its product by a firm very large?
- Imperfect Competition
 - Perfect Competition
 - Monopoly
 - Both a and b

Group – B

(Short Answer Type Questions)

3 x 5 = 15

Answer any *three* from the following

- Prepare a demand schedule for an apple i-pad in the Indian market. Explain perfectly elastic demand and perfectly in elastic demand with a suitable example. [2+3]
- Explain any two non-price factors affecting the demand. [5]
- Differentiate between perfect competition and monopoly. [5]
- Graphically show the relationship between AP and MP. [5]
- What are the factors determining the supply? Explain. [5]

Group – C

(Long Answer Type Questions)

3 x 15 = 45

Answer any *three* from the following

7. (a) Define monopolistic competition. [2]
- (b) Explain the characteristics of monopolistic competition. [5]
- (c) Explain oligopoly market and the characteristics of oligopoly. [8]
8. (a) What is Break- even point? [5]
- (b) Explain the important managerial uses of break-even analysis [10]
9. (a) Briefly discuss the concept of Returns to Scale. [8]
- (b) What is the meaning of law of variable proportions? [7]
10. (a) Discuss the short run cost output relationship with the graph. [7]
- (b) Distinguish between economies of scale and diseconomies of scale with a graph. [8]
11. (a) Describe Price Discrimination under Monopoly. [8]
- (b) What are the main features of a Monopoly firm? [7]