



BRAINWARE UNIVERSITY
Course – BBA
Micro Economics for Business (BBAC 107)
(Semester – 1)

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 Questions)

Choose the correct answer from the given alternatives:

10 x 1=10

1. Which is not a determinant of demand?
 - A) income
 - B) the cost of inputs in production
 - C) the prices of related goods
 - D) future price expectations
2. If average income increases, ceteris paribus, then there will be:
 - A) a shift of the demand curve.
 - B) a movement along the demand curve.
 - C) a movement along and a shift in the demand curve.
 - D) no effect on the demand curve, because income is not a ceteris paribus condition.
3. A normal good is one:
 - A) which all people like.
 - B) which all normal people like.
 - C) for which demand increases when price decreases.
 - D) for which demand increases when income increases.
4. People demand more of product X when the price of product Y decreases. This means X and Y are:
 - A) complements.
 - B) substitutes.
 - C) not related.
 - D) None of the above
5. A production function shows the:
 - A) Minimum amount of output that can be obtained from alternative combinations of inputs.
 - B) Maximum quantities of inputs required to produce a given quantity of output.
 - C) Maximum output we can produce with varying combinations of factor inputs.
 - D) Output capacity of the entire economy.
6. Profit is:
 - A) The difference between total cost and variable cost.
 - B) The difference between total revenue and total cost.
 - C) Earned at all points along the production function.
 - D) Only possible with technical efficiency.
7. Costs of production that change with the rate of output are:
 - A) Sunk costs. B) Variable costs. C) Opportunity costs. D) Fixed costs.
8. The change in total output associated with one additional unit of input is the:
 - A) Opportunity cost of the output. C) Marginal product.
 - B) Average productivity. D) Marginal cost.

9. Which of the following is most likely a fixed cost?
 A) Raw materials cost. B) Labor cost. C) Energy cost. D) Property taxes.
10. Which of the following are factors of production?
 A) Output in a production function. C) Land, labor, capital, and entrepreneurship.
 B) Productivity. D) All of the above.

Group – B
(Short Answer Type Question)
Answer any three questions

3 x 5 = 15

1. State the Law of Demand. Are there any exceptions to Law of demand?
2. What is Isoquant curve? Write the characteristics of it.
3. Graphically show the relationship between AC and MC.
4. Define Product differentiation and Price Discrimination.
5. Why does demand curve slope downward?

Group – C
(Long Answer Type Question)
Answer any three questions

3 x 15 = 45

1. What is elasticity of demand? Describe different types of elasticity of demand. Measure the price elasticity of demand on a different points on a demand curve. (2+8+5)
2. Write down the main features of Oligopoly and Monopolistic competition. Describe price and output determination in a perfectly competitive market in the short run. (4+4+7)
3. What is the budget line of the consumer? Mention the factors which determine the position and the slope of the budget line. Represent ICC curve graphically for the case of giffen goods and normal goods. (2+5+8)
4. Discuss law of variable proportions and law of returns to scale. 15