



## **BRAINWARE UNIVERSITY**

**Course – BBA**

**Micro Economics for Business (BBA105/ BBAC107)**

**(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 Type Question)**

**1. Choose the correct alternatives for the following:**

**10 x 1 = 10**

i) Price and demand are positively correlated in case of

a) necessities    b) comfort    c) giffen goods    d) luxury goods

ii) The supply curve of ice cream cones is upward sloping indicates that

a) the marginal cost of providing ice cream cones increases as more cones are produced.

b) as the price of ice cream cones increases, the production technology is upgraded.

c) as the price increases, the opportunity cost of making ice cream cones decreases.

d) all of the above.

iii) Which of the following cost curve is never U-shaped?

a) AC curve

b) AVC curve

c) MC curve

d) AFC curve

iv) Which is not the characteristics of monotonic indifference curve?

- a) IC are negatively sloped
- b) IC intersect each other
- c) IC are convex to origin
- d) A higher IC offered higher level of satisfaction

v) If quantity demanded is completely unresponsive to changes in price, demand is:

- a) Inelastic            b) Unit elastic            c) Elastic            d) Perfectly inelastic

vi) This is an assumption of law of demand:

- a) Price of the commodity should not change
- b) Quantity should not change
- c) Supply should not change
- d) Income of consumer should not change

vii) Which of the following are not complementary goods?

- a) Tea and Coffee            b) Pen and Ink            c) Car and petrol            d) None of these answers

viii) Economics is the study of

- a) how society manages its unlimited resources.
- b) how to reduce our wants until we are satisfied.
- c) how society manages its scarce resources.
- d) how to fully satisfy our unlimited wants.

ix) Law of demand shows relation between:

- a) Income and price of commodity    b) Price and quantity of a commodity    c) Income and quantity demand
- d) Quantity demanded and quantity supplied

x) The following are causes of shift in demand EXCEPT the one:

- a) Change in income    b) Change in price    c) Change in technology    d) Change in prices of substitutes

**Group - B**  
(Short Answer Type Questions)

**Answer any three of the following** **3 x 5 = 15**

2. Define the Law of Demand. Write some exceptions to the law of demand. [2+3]
3. Graphically show the relationship between TP, MP and AP curves. [5]
4. What are the various types of returns to scale? [5]
5. What are the assumptions of a monopoly market? [5]
6. Explain under what condition a firm under perfect competition will shut down? [5]

**Group - C**  
(Long Answer Type Questions)

**Answer any three of the following** **3 x 15 = 45**

7. What is monopolistic competition? What are the assumptions of this market situation? What is Oligopoly? Write the features of this market? Give examples of both the market. [2+5+2+5+1]
8. What is Budget Line? Write the slope of the budget line. When the budget curve will shift? Graphically represent the income consumption curve for different kind of goods. [2+3+3+7]
9. What are the various types of price discrimination? Explain each of them with suitable examples. [15]
10. Define price elasticity of demand? What are the various types of price elasticity of demand? Give examples. [15]
11. Distinguish between short run production function and long run production function. What is the meaning of the law of variable proportions? Elucidate your answer with suitable examples.

[7+8=15]