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BRAINWARE UNIVERSITY

Term End Examination 2024-2025

Programme – BBA(DM)-Hons-2023/BBA(DM)-Hons-2024

Course Name – Introduction to Microeconomics

Course Code - BBD10001

(Semester I)

Full Marks : 60

Time : 2:30 Hours

[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 x 15=15

1. Choose the correct alternative from the following :

- (i) Select the correct option: If the income elasticity of a good is negative, it indicates _____.
- | | |
|-------------------------------|----------------------------------|
| a) The good is a luxury. | b) The good is an inferior good. |
| c) The good is a normal good. | d) The good is a necessity. |
- (ii) If the cross-price elasticity of two goods is positive, it can be inferred about them that _____.
- | | |
|----------------------------------|--------------------------------|
| a) They are substitutes. | b) They are complements. |
| c) They are both inferior goods. | d) They are both luxury goods. |
- (iii) Identify the slope of an indifference curve.
- | | |
|----------------------------------|---------------------------|
| a) Marginal rate of substitution | b) Price ratios |
| c) Consumer income | d) Government regulations |
- (iv) Recall the substitution effect occurs when _____.
- | | |
|--|--|
| a) Consumers shift to a lower indifference curve | b) Consumers buy more of a good as its price falls |
| c) Consumers substitute a good with a complementary good | d) Consumers buy less of a good as its price rises |
- (v) State the likely effect on the quantity demanded of a normal good, if a person's income increases.
- | | |
|---|--------------------------------------|
| a) Quantity demanded increases. | b) Quantity demanded decreases. |
| c) Quantity demanded remains unchanged. | d) Quantity demanded becomes elastic |
- (vi) State the law of demand.
- | | |
|--|--|
| a) When the price of a good increases, the quantity demanded decreases, and vice versa, assuming all other factors remain constant | b) When the price of a good increases, the quantity demanded increases, and vice versa, assuming all other factors remain constant |
|--|--|

- c) When the price of a good increases, the quantity supplied increases, and vice versa, assuming all other factors remain constant
- d) When the price of a good increases, the quantity supplied decreases, and vice versa, assuming all other factors remain constant
- (vii) Record if the price of a substitute for a good increases, what happens to the demand for the original good.
- a) Demand increases
- b) Demand decreases
- c) Demand remains unchanged
- d) Demand becomes unpredictable
- (viii) Identify if the income elasticity of demand for a good is negative, the good is considered as _____.
- a) Normal
- b) Inferior
- c) Luxury
- d) Giffen
- (ix) Predict the result of Collusion among firms in an oligopoly market.
- a) Price competition
- b) Perfect competition
- c) Monopoly
- d) Price fixing
- (x) Duopoly is a specific type of _____ market.
- a) Perfect competition
- b) Monopoly
- c) Oligopoly
- d) Monopolistic competition
- (xi) "Price taker" is a concept associated with _____.
- a) Monopoly
- b) Oligopoly
- c) Perfect competition
- d) Monopolistic competition
- (xii) Identify in economics, utility is often measured in which units.
- a) Utils
- b) Dollars
- c) Kilograms
- d) Liters
- (xiii) Determine the slope of a budget line.
- a) Positive
- b) Negative
- c) Zero
- d) Infinite
- (xiv) Choose the factor of production responsible for organizing and coordinating other factors.
- a) Land
- b) Labor
- c) Capital
- d) Entrepreneurship
- (xv) Interpret in the long run, what happens to average total cost as output increases.
- a) Decreases
- b) Increases
- c) Remains constant
- d) Fluctuates

Group-B

(Short Answer Type Questions)

3 x 5=15

2. Recall the key differences between "individual demand" and "market demand." (3)
3. Illustrate the concept of production function. (3)
4. Discuss the first degree price discrimination. (3)
5. Illustrate the relationship between AC and MC. (3)
6. Suppose after buying 5 units of a commodity, consumer derives TU as 50 utils and when he buys 1 more unit of a commodity, his TU becomes 80 utils. Evaluate marginal utility. (3)

OR

Summarize the concept of "welfare cost of a monopoly." (3)

Group-C

(Long Answer Type Questions)

5 x 6=30

7. Describe different types of costs with suitable examples. (5)

8. Discuss how long run equilibrium is achieved under monopolistic competition. (5)
9. The price of a commodity falls from Rs 20 to Rs 15 per unit. Its demand rises from 600 units to 750 units. Estimate the price elasticity of demand. (5)
10. Focus on the various determinants of cost. (5)
11. Describe the concept of consumer equilibrium using the budget line and indifference curves. (5)
12. Deduce the examples of industries with increasing returns to scale. (5)

OR

Diagrammatically explain how market demand curve is derived from individual demand curves. (5)

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