



BRAINWARE UNIVERSITY

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Term End Examination 2024-2025

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

Course Name – Principles of Microeconomics/Principle of Microeconomics

Course Code - BBA20001/BBB20001

(Semester II)

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 a major determinant of elasticity of demand.
 - a) number of substitutes
 - b) variety of uses
 - c) price of the good
 - d) all of the above
- (ii) Name an exception to the law of demand.
 - a) necessary goods
 - b) giffen goods
 - c) luxury goods
 - d) all of the above
- (iii) State a cause of decrease in demand.
 - a) price of commodity rise
 - b) income of consumer falls
 - c) price of its substitute falls
 - d) none of the above
- (iv) State a cause of contraction in supply.
 - a) price of commodity falls
 - b) income of consumer falls
 - c) price of its substitute falls
 - d) none of the above
- (v) If the demand function is given as $Q_d = 10 - .5P$. Select the price that will drive quantity demanded to zero.
 - a) 10
 - b) 5
 - c) 20
 - d) None of the above
- (vi) Identify the correct relationship between AC and MC.
 - a) AC cuts MC from below when MC is minimum
 - b) MC cuts AC from below when AC is minimum
 - c) MC is always greater than AC
 - d) AC is always greater than MC
- (vii) Select the correct profit maximizing condition.

- a) $MR=MC$
c) $MR=P$
- (viii) Identify the TRUE statement.
- a) Consumer surplus is the difference between the minimum amount a consumer is willing to pay, and what he or she actually pays.
c) Market surplus is equal to the sum of consumer surplus and producer surplus.
- (ix) Identify the case where the law of diminishing returns only applies.
- a) there is increasing scarcity of factors of production.
c) there is at least one fixed factor of production.
- (x) Identify the implicit cost from the following.
- a) The salary earned by a corporate executive
c) Property taxes
- (xi) The amount that total cost rises when the firm produces one additional unit is indicated as _____.
- a) marginal cost.
c) fixed cost.
- (xii) The slope of a budget line is expressed as _____.
- a) The satisfaction level of both the commodities
c) The price ratio of both the commodities under consideration
- (xiii) Choose the correct option: Under oligopoly a single seller cannot influence significantly _____.
- a) market price
c) advertisement cost
- (xiv) Choose the correct option: An isoquant slopes _____.
- a) Downward to the left
c) Upward to the left
- (xv) Breakeven analysis is interpreted as the _____.
- a) profit-maximizing level of output.
c) level of output where marginal revenue is equal to marginal cost.
- b) $MR=AC$
d) None of the above
- b) Producer surplus is the difference between the amount of money a seller is paid, and the maximum amount that he or she needs to be paid.
d) All of these
- b) the price of extra units of a factor is increasing.
d) capital is a variable input.
- b) Depreciation in the value of a company-owned car as it wears out
d) All of the above are implicit costs.
- b) average cost.
d) variable cost
- b) The income level of the consumer
d) Price level of a country
- b) quantity supplied
d) All of these
- b) Downward to the right
d) Upward to the right
- b) level of output where economic profit is equal to zero.
d) All of these

Group-B

(Short Answer Type Questions)

3 x 5=15

2. Explain the shape of a budget line. (3)
3. Summarize the condition of the producer's equilibrium. (3)
4. Illustrate the concept of production function. (3)
5. Illustrate Marginal Rate of Technical Substitution (MRTS). (3)
6. Distinguish between short run and long run production function. (3)

OR
Distinguish between perfect competition and monopoly.

(3)

Group-C
(Long Answer Type Questions)

5 x 6=30

7. Explain the relationship between total cost, total fixed cost and total variable cost with a suitable diagram. (5)
8. Explain price effect, substitution effect and income effect for normal goods. (5)
9. Describe various degrees of price discrimination. (5)
10. Price elasticity of demand for a good is -0.75. Estimate the percentage fall in its price that will result in a 15 per cent rise in its demand. (5)
11. Distinguish between short run and long run production function. (5)
12. Given the following cost and revenue functions $TC = 15000 + 45Q$ $TR = 75Q$ estimate the break-even rate of output. (5)

OR

Discuss how long run equilibrium is achieved under monopolistic competition.

(5)
