



BRAINWARE UNIVERSITY

Term End Examination 2023-2024

Programme – BBA-Hons-2023

Course Name – Principles of Microeconomics

Course Code - BBA20001

(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) When the price of a product falls by 10% and its demand rises by 30%, then the elasticity of demand is calculated as

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|-------|-------|
| a) 13 | b) 3 |
| c) 10 | d) 30 |

(ii) Select the basic assumptions of the law of demand.

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|--|--|
| a) Prices of other goods should change | b) There should be substitute for the commodity |
| c) The commodity should not confer any distinction | d) The demand for the commodity should not be continuous |

(iii) Higher the price of certain luxurious articles, higher will be the demand, this concept is defined as

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|--------------------------|-------------------|
| a) Giffen effects | b) Veblen effects |
| c) Demonstration effects | d) None of these |

(iv) Identify when MU is 0, what happens to TU

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|----------------------|----------------------|
| a) T.U is increasing | b) T.U is decreasing |
| c) T.U is max | d) Both b and c |

(v) Identify the method for measurement of elasticity

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|--------------------------------------|------------------|
| a) Proportional or Percentage Method | b) Outlay Method |
| c) Geometric method | d) All of these |

(vi) Choose the correct option: Two indifference curves can never intersect each other since

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|---|--|
| a) two indifference curves represent different amount of satisfaction | b) a consumer's satisfaction on consumption cannot be equal on two separate curves |
|---|--|

- c) both of the above
 (vii) Indifference Curves illustrates a combination of 2 goods which give the consumer
 a) no satisfaction
 c) equal satisfaction
 (viii) Identify the shape of a unitary elastic demand curve
 a) vertical straight line
 c) rectangular hyperbola
 (ix) Identify the concept based on which indifference curve was developed
 a) ordinal utility
 c) marginal utility
 (x) Identify the consumers equilibrium condition.
 a) Demand = Supply
 c) $MRS = P_x/P_y$
 (xi) The marginal product of labor is inferred as
 a) the additional labor required to produce one more unit of output.
 c) the additional output produced by hiring one more unit of labor.
 (xii) The average product of labor is inferred as
 a) the additional labor required to produce one more unit of output.
 c) the additional output produced by hiring one more unit of labor.
 (xiii) Perfect competition is expressed as a market where there are many firms each selling
 a) a similar product
 c) an identical product
 (xiv) The short run production function determines
 a) Economies of scale
 c) Diminishing marginal utility
 (xv) Product differentiation is interpreted in
 a) monopoly
 c) monopolistic competition
- d) none of the above
 b) dissatisfaction
 d) utility
 b) horizontal straight line
 d) none of the above
 b) cardinal utility
 d) none of the above
 b) $MC = MR$
 d) none of the above
 b) average product when average product is at a minimum.
 d) the slope of a ray drawn from the origin to a point on the total product curve.
 b) marginal product when average product is at a minimum.
 d) the slope of a ray drawn from the origin to a point on the total product curve.
 b) a competitive product.
 d) a unique product
 b) Law of variable proportion
 d) None of these
 b) perfect competition
 d) monophony

Group-B

(Short Answer Type Questions)

3 x 5=15

2. Explain the concept of Isoquant and Isocost. (3)
3. Explain any three exceptional cases of the law of demand. (3)
4. List the factors determining elasticity of demand. (3)
5. Define returns to scale. (3)
6. Infer why $AR = MR$ under perfect market. (3)

OR

When price of good falls from Rs 15 per unit to Rs 12 per unit, its demand rises from 50 to 80 units. Estimate price elasticity of demand. (3)

Group-C

(Long Answer Type Questions)

5 x 6=30

7. Describe different types of elasticity of demand. (5)
8. Identify factors that causes rightward shift in demand curve. (5)
9. If the price of a commodity falls from Rs. 8 per unit to Rs.5 per unit, the consumer's demand increases from 10 units to 16 units. Compute the price elasticity of demand for the commodity. (5)
10. The short-run total cost function is given as $TC = 100 + 50Q - 12Q^2 + Q^3$ where TC is the total cost and Q is the level of output. Calculate TC, FC, AFC, ATC, and AVC when the firm produces 10 units of output. (5)
11. The long-run average cost curve is also known as planning curve. - Justify this. (5)
12. Focus on the implications of selling cost and interdependence among firms in oligopoly market (5)

OR

Explain why under perfect competition firm is a price taker (5)
