42506

BRAINWARE UNIVERSITY

Term End Examination 2025-2026
Programme – B.Com.(AFB)-Hons]-2024
Course Name – Micro Economics
Course Code - BBF40108
(Semester IV)

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) Explain market equilibrium.
- a) Excess demand situation
- b) Excess supply situation
- c) Equality of demand and supply
- d) Maximum profit situation

(ii) Identify marginal cost.
- a) Change in total cost due to one unit change in output
- b) Total cost divided by output
- c) Total fixed cost
- d) Total variable cost

(iii) Apply profit maximization condition under monopoly.
- a) AR = AC
- b) MR = MC
- c) AR = MR
- d) MC > MR

(iv) Define minimum wage.
- a) Maximum wage fixed by government
- b) Minimum legal wage fixed by government
- c) Market wage rate
- d) Piece wage system

(v) Identify prisoners dilemma.
- a) A cooperative game
- b) A non-cooperative game with dominant strategy
- c) A zero-sum game
- d) A perfect competition model

(vi) Define price elasticity of demand.
- a) Responsiveness of demand to income change
- b) Responsiveness of demand to price change
- c) Responsiveness of supply to price change
- d) Responsiveness of demand to taste change

(vii) Explain excess demand.
- a) Demand equals supply
- b) Demand exceeds supply at given price
- c) Supply exceeds demand
- d) Price remains constant

(viii) Apply income elasticity to identify a luxury good.

a) Income elasticity less than zero
b) Income elasticity equal to one
c) Income elasticity greater than one
d) Income elasticity equal to zero

(ix) Define ordinal utility.

a) Utility measured in money
b) Utility measured in ranks
c) Utility measured in output
d) Utility measured cardinally

(x) Identify the shape of budget line.

a) Convex to origin
b) Concave to origin
c) Straight downward sloping line
d) Vertical line

(xi) Explain substitution effect.

a) Effect of income change
b) Effect of price change keeping real income constant
c) Effect of taste change
d) Effect of population change

(xii) Define average product.

a) Total output / Total input
b) Change in output / Change in input
c) Total product
d) Marginal product

(xiii) Identify the stage of diminishing returns.

a) When MP increases
b) When MP is zero
c) When MP declines but is positive
d) When TP is zero

(xiv) Define monopolistic competition.

a) Single seller market
b) Few sellers market
c) Many sellers with product differentiation
d) Homogeneous product market

(xv) Define peak load pricing.

a) Same price always
b) Different prices at different demand periods
c) Government fixed pricing
d) Marginal cost pricing

Group-B

(Short Answer Type Questions) 3 x 5=15

2. Define Business Economics. (3)
3. Explain indifference curve. (3)
4. Define production function. (3)
5. Define perfect competition. (3)
6. Evaluate the major effects of minimum wage. (3)

OR

Propose a pricing policy for public utilities. (3)

Group-C

(Long Answer Type Questions) 5 x 6=30

7. State the law of demand with appropriate assumptions. (5)
8. Distinguish between income effect and substitution effect. (5)
9. Illustrate the impact of price change on demand for normal goods. (5)
10. Analyse the behaviour of a consumer in the case of a Giffen good. (5)
11. Analyse price-output determination under oligopoly. (5)
12. Evaluate the economic effects of rent control on housing markets. (5)

OR

Formulate a pricing policy using game theory for competitive firms. (5)

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