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BRAINWARE UNIVERSITY

Term End Examination 2025-2026
Programme – BBA-Hons-2023/BBA-Hons-2024/BBA(BA)-Hons-2024/BBA-Hons-2025/BBA(BA)-Hons-2025
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) When the elasticity of demand for a commodity is very low, the product is defined as

a) a giffen good b) a luxury good
c) a necessary good d) none of the above

(ii) Car and petrol are listed as

a) Complimentary goods b) Substitute goods
c) Supplementary goods d) Reserve goods

(iii) Recognize the architect of the theory of monopolistic competition.

a) Rosenstein Roden b) JR Hicks
c) Karl Marx d) Chamberlin

(iv) Ceteris paribus is defined as

a) one factor remaining constant b) two factor remaining constant
c) other factors remaining constant d) none of the above

(v) State a cause of extension in demand.

a) price of commodity falls b) income of consumer falls
c) price of its substitute falls d) none of the above

(vi) State a cause of contraction in demand.

a) price of commodity falls b) income of consumer falls
c) price of its substitute falls d) none of the above

(vii) A decrease in supply is, graphically, represented by

a) A leftward shift in the supply curve. b) A rightward shift in the supply curve.
c) A movement up and to the right along a supply curve. d) A movement down and to the left along a supply curve.

(viii) A recent Health report of Canada argued that there is a strong link between the consumption of steak and heart disease. At the same time, Canadian consumers'

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incomes rose. If steak is a normal good, determine the combined effects in the market for steak.

a) An increase in the equilibrium price and the quantity.
b) An increase in the equilibrium price and an unpredictable change in the equilibrium quantity.
c) An unpredictable change in both the equilibrium price and the quantity.
d) An unpredictable change in the equilibrium price and a decrease in the equilibrium quantity.

(ix) Short-run average variable cost indicates

a) total variable cost divided by output.
b) average total cost minus average fixed cost
c) the cost per unit of the variable input divided by the average product of the variable input.
d) All of these

(x) The distinction between variable cost and fixed cost is related to __________.

a) long period
b) short period
c) medium term
d) mixed period

(xi) A small change in price leads to a very big change in the quantity demanded represent as __________.

a) Perfectly elastic demand
b) Perfectly inelastic demand
c) Relative elastic demand
d) Unit elastic demand

(xii) Indicate the correct option: Indifference curve is convex to origin due to __________.

a) Due to law of diminishing marginal utility
b) Due to monotonic preferences
c) Due to declining MRS
d) Both a and b

(xiii) If all resources used in the production of a product are increased by 20 percent and output increases by less than 20 percent, choose among the following:

a) increasing returns to scale
b) constant returns to scale
c) diminishing returns to scale
d) none of the above

(xiv) If the commodities are substitute in nature, cross elasticity will be predicted as __________.

a) Negative
b) Positive
c) Zero
d) none of these

(xv) When a small change in price leads to an infinite change in quantity demanded, it is established as __________.

a) Perfectly elastic demand
b) Perfectly inelastic demand
c) Relative elastic demand
d) Relative inelastic demand

Group-B

(Short Answer Type Questions) 3 x 5=15

2. Explain the relationship between total utility and marginal utility (3)
3. Explain the implication of product differentiation under a monopolistic market. (3)
4. Discuss marginal rate of technical substitution of capital for labour. (3)
5. Explain the concept of marginal utility with a numerical example. (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. Explain the relationship between total cost, total fixed cost and total variable cost with a suitable diagram. (5)
8. Illustrate the concept of perfectly elastic and perfectly inelastic demand. (5)
9. Explain the three stages of the short-run production function. (5)
10. Explain different types of demand schedule with example. (5)
11. A bakery produces cakes using flour, sugar, and eggs. Recently, the price of flour has doubled due to a shortage in wheat supply. Show using a diagram how will this affect the supply curve of cakes. (5)
12. Given the following cost and revenue functions TC = 15000 +45Q TR = 75Q estimate the break-even rate of output. (5)

OR

Focus on the implications of selling cost and interdependence among firms in oligopoly market. (5)

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