



BRAINWARE UNIVERSITY

Term End Examination 2018 - 19

Programme – Bachelor of Commerce (Honours) in Banking & Financial Accounting

Course Name – Micro Economic Theory and Application

Course Code – BCM202 / BCMC202

(Semester – 2)

Time allotted: 3 Hours

Full Marks: 70

[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)

10 x 1 = 10

1. *Choose the correct alternative from the following*
 - (i) The quantity demanded is
 - a. the amount of a good that consumers plan to purchase at a particular price.
 - b. independent of the price of the good.
 - c. independent of consumers' buying plans.
 - d. always equal to the equilibrium quantity.
 - (ii) If the demand for a good is inelastic, an increase in its price will cause the total expenditure of the consumers of the good to
 - a. Increase
 - b. Decrease
 - c. Remain the same
 - d. Became Zero
 - (iii) Which of the following influences people's buying plans and varies moving along a demand curve?
 - a. preferences
 - b. the price of the good
 - c. income
 - d. the prices of related goods
 - (iv) The law of demand states that, other things remaining the same, the higher the price of a good, the
 - a. smaller is the demand for the good
 - b. smaller is the quantity of the good demanded
 - c. larger is the quantity of the good demanded.
 - d. larger is the demand for the good
 - (v) A drop in the price of a compact disc shifts the demand curve for prerecorded tapes leftward. From that you know compact discs and prerecorded tapes are
 - a. normal goods
 - b. substitutes
 - c. inferior goods
 - d. complements

- (vi) Monopoly is a market characterized by
- | | |
|-------------------------------------|-----------------|
| a. single seller | b. single buyer |
| c. large number of buyer and seller | d. All of these |
- (vii) Some economists refer to iso-quant curves as
- | | |
|-----------------|----------------------------------|
| a. Engels curve | b. Production indifference curve |
| c. Budget line | d. Ridge line |
- (viii) What is the shape of the total fixed cost (TFC) curve?
- | | |
|--------------------------|----------------------|
| a. Rectangular hyperbola | b. Horizontal |
| c. Vertical | d. none of the above |
- (ix) In which of the following market structure is the degree of control over the price of its product by a firm very large?
- | | |
|--------------------------|------------------------|
| a. Imperfect Competition | b. Perfect Competition |
| c. Monopoly | d. Both a and b |
- (x) Which of the following market situation has only a buyer
- | | |
|--------------|-----------------------------|
| a. Oligopoly | b. Perfect Competition |
| c. Monopoly | d. Monopolistic Competition |

Group – B

(Short Answer Type Questions)

3 x 5 = 15

Answer any *three* from the following

- | | |
|---|---|
| 2. Explain three factors that influence the supply in the market. | 5 |
| 3. Define production function and its type. | 5 |
| 4. Discuss Marginal Rate of Technical Substitution (MRTS). | 5 |
| 5. Graphically show the relationship between AP and MP. | 5 |
| 6. What are the factors determining the demand? Explain. | 5 |

Group – C

(Long Answer Type Questions)

3 x 15 = 45

Answer any *three* from the following

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| 7. Discuss “Market is a self-regulatory mechanism. Any imperfections in the market are automatically corrected by the forces of demand and supply.”
In this context explain what happens when there is excess supply in the market. | 15 |
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|-----|-----|--|-----|
| 8. | (a) | What is Iso-quant? Write the characteristics of it. | 2+5 |
| | (b) | Define iso-cost line and expansion path graphically. | 4+4 |
| 9. | (a) | Briefly discuss the concept of Budget Line. | 8 |
| | (b) | What is the meaning of law of variable proportions? | 7 |
| 10. | (a) | Define monopolistic competition. | 2 |
| | (b) | Explain the characteristics of monopolistic competition. | 5 |
| | (c) | Explain oligopoly market and the characteristics of oligopoly. | 8 |
| 11. | (a) | Describe Price Discrimination under Monopoly. | 10 |
| | (b) | What are the main features of a Monopoly firm? | 5 |
