

Code : 302102

BBA 1st Semester Theory Examination, 2017

Microeconomics

Time : 3 Hrs

Full Marks : 60

Instructions :

- (i) The questions are of equal value.
- (ii) There are Seven questions in this Paper.
- (iii) Attempt Five questions in all.
- (iv) Question Nos. 1 & 2 are compulsory.

Write True or False of any six of the following:

- (a) Prices of substitute commodities have no effect on the demand of goods in the market.
- (b) The price elasticity of demand measures the proportionate change in demand due to proportionate change in price of the product.
- (c) Giffen paradox seldom occurs.
- (d) If a good is income elastic, an increase in income will result in a decrease in the amount of money spent on it.
- (e) The demand for salt is likely to be price elastic.
- (f) Utility never reflects the amount of satisfaction which an individual derives from consuming a commodity.
- (g) We cannot quantify utility under marginal utility theory.

P.T.O.

- (h) A consumer is indifferent regarding choice of combination of products which lie on an indifference curve.
- (i) In short run, equilibrium price under perfect competition may be above or below average total cost.
- (j) There are no rivals or direct competitors of a firm in an oligopoly.

2. Answer any three of the following:

- (a) Explain individual demand and market demand.
- (b) How is law of demand related to the law of diminishing marginal utility?
- (c) What is isocost? Explain.
- (d) What do you know by discriminating monopoly?
- (e) Is perfect competition a real market condition? Explain.

- 3. Explain the nature of demand for durable goods? What factors are responsible for volatility in demand for them?
- 4. Trace the relationship between price total, average and marginal revenues of a competitive firm.
- 5. Describe the optimal factor combinations with two variables. Explain the tangential point.
- 6. Define monopoly market. How does a firm attain equilibrium under monopoly in short run?
- 7. Compare monopoly market and perfect competitive market.

Code : 302102