

Code : 302102

( 2 )

BBA 1st Semester Exam., 2013

MICROECONOMICS

Time : 3 hours

Full Marks : 60

Instructions:

- (i) All questions carry equal marks.
- (ii) There are **SEVEN** questions in this paper.
- (iii) Attempt **FIVE** questions in all.
- (iv) Question Nos. **1** and **2** are compulsory.

1. Choose the correct answer (any six) :

- (a) A fall in the price of a normal good leads to
  - (i) increase in demand
  - (ii) decrease in demand
  - (iii) no change in demand
  - (iv) None of the above
- (b) Income elasticity of demand explains relationship between
  - (i) price and demand
  - (ii) income and demand
  - (iii) income and cost
  - (iv) marginal utility and total utility

- (c) The theory of variable proportion is related to
  - (i) production
  - (ii) distribution
  - (iii) consumption
  - (iv) employment
- (d) A consumer is said to be in equilibrium when he/she
  - (i) attains maximum possible satisfaction
  - (ii) attains minimum possible satisfaction
  - (iii) spends minimum income
  - (iv) spends maximum income
- (e) Which of the following cost curves is U-shaped?
  - (i) AC
  - (ii) TC
  - (iii) AFC
  - (iv) TFC
- (f) The number of seller under monopoly is
  - (i) large
  - (ii) limited
  - (iii) one
  - (iv) a few

- (g) Under perfect competition
- AR = MR
  - AR > MR
  - AR < MR
  - None of the above
- (h) Marginal Revenue (MR) is
- the revenue from selling of an additional unit
  - the revenue from selling of all units
  - obtained from dividing total revenue by number of outputs
  - None of the above
- (i) Under monopolistic competition, products are
- differentiated
  - homogeneous
  - of one type
  - None of the above
- (j) Kinked demand curve is related to
- pure competition
  - oligopoly
  - price discrimination
  - None of the above

2. Answer any **three** of the following :
- Define demand. Write various determinants of demand for a commodity.
  - State the relationship between Average Cost (AC) and Marginal Cost (MC).
  - What do you mean by price discrimination under monopoly?
  - Define monopolistic competition. Write its main features.
  - Explain price leadership.

Answer any **three** of the following :

- What is law of demand? State its limitations.
- Using suitable diagram, explain the three stages of production with one variable factor input.
- What is indifference curve? Explain the consumer's equilibrium with the help of indifference curve.
- What do you mean by perfect competition? Explain price determination under perfect competition.
- Explain kinked demand theory of oligopoly prices.

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