

Roll No.

Total No. of Questions : 07]

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BBA (Sem. - 1st)
MICRO ECONOMICS
SUBJECT CODE : BB - 103
Paper ID : [C0203]

[Note : Please fill subject code and paper ID on OMR]

Time : 03 Hours

Maximum Marks : 60

Instruction to Candidates:

- 1) Section - A is **Compulsory**.
- 2) Attempt any **Four** questions from Section - B.

Section - A

Q1)

(10 × 2 = 20)

- a) State the law of diminishing marginal utility.
- b) Distinguish between cardinal and ordinal utility.
- c) What is marginal rate of substitution?
- d) Why demand curve for a Giffen good has a positive slope?
- e) Distinguish between fixed inputs and variable inputs.
- f) What is the difference between explicit cost and implicit cost.
- g) Mention the various features of perfectly competitive market.
- h) What are external economies?
- i) Mention the three conditions necessary for the existence of monopoly.
- j) Using the concept of cross elasticity of demand, define substitutes and complements.

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Section - B

(4 × 10 = 40)

- Q2)** Discuss the meaning, nature and scope of micro economics.
- Q3)** Using indifference curve analysis, show how price effect of a commodity is decomposed into income effect and substitution effect.
- Q4)** What is elasticity of demand? How would you measure price elasticity at a point on a demand curve?
- Q5)** What are the three stages of short run production function? Why does it not make any economic sense to produce in stage 1 or stage 3.
- Q6)** Derive long run average cost curve from short run average cost curves. Does the curve joining the minimum points of short run average cost curve constitute long run average cost curve? Give reasons?
- Q7)** How are price and output determined under monopoly. Show that under monopoly price is higher and output smaller than under perfect competition.

