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MBA (INTEGRATED)
(SEM I) THEORY EXAMINATION, 2019-20
MICRO ECONOMICS

Time: 3 Hours**Total Marks: 70****Note: 1.** Attempt all Sections. If require any missing data; then choose suitably.**SECTION A****1. Attempt all questions in brief. 2 x 7 = 14**

- a. Define Micro Economics.
- b. What do you mean by Scarcity?
- c. Give one point of difference between Micro and Macro Economics
- d. Define Utility.
- e. What is meant by Consumer's Equilibrium?
- f. Define Production Function
- g. Define Price Elasticity of Supply.

SECTION B**2. Attempt any three of the following: 7 x 3 = 21**

- a. Explain briefly any three factors which lead to 'decrease in demand'.
- b. Explain the implications of the following in an oligopoly market:
 - i. Barriers to entry of new firms
 - ii. A few or a few big sellers
- (i) A consumer spends 1000 on a good priced at 8 per unit. When price rises by 25 per cent, the consumer continues to spend 1000 on the good. Calculate price elasticity of demand by percentage method.
- (j) Draw Total Revenue Curve and Marginal Revenue Curve of a firm which is free to sell any quantity of the good at a given price. Explain.
- (k) Is it enough to say that profit is maximised when $MC = MR$?

SECTION C**3. Attempt any one part of the following: 7 x 1 = 7**

- (a) Explain the functions of microeconomic theory.
- (b) What are basic economic problems faced by India today in reference to micro economics?

4. Attempt any one part of the following: 7 x 1 = 7

- (a) Explain the relationship between MR and price elasticity of demand.
- (b) Explain why is an indifference curve (a) downward sloping and (b) convex

5. Attempt any one part of the following: 7 x 1 = 7

- (a) Define market supply. Explain the factor 'input prices' that can cause a change in supply.
- (b) Explain any three causes of "increase" in supply of a commodity. A producer sells 40 units of a good at a price of 2. If price rises to 4, he sells 80 units of a good. Calculate elasticity of supply e_s .

6. Attempt any one part of the following: 7 x 1 = 7

- (a) What are the three stages of production? Where will a rational producer operate?
- (b) Distinguish between fixed costs and variable costs. Explain the relationship between marginal cost and average cost.

7. Attempt any one part of the following: 7 x 1 = 7

- (a) Under perfect competition, the seller is a price taker. Under monopoly, he is the price maker. Explain.
- (b) Explain the characteristics of monopolistic competition.