

**SECOND SEMESTER UG DEGREE EXAMINATION, APRIL 2023**

**(Regular/Improvement/Supplementary)**

**BBA HONOURS**

**GBAH2B06T: PRINCIPLES OF MICRO ECONOMICS**

**Time: 3 Hours**

**Maximum Marks: 80**

**PART A: Answer all the questions. Each carries one mark.**

**Choose the correct answer.**

1. What is the opportunity cost of an item?
  - a) The number of hours needed to earn money to buy it
  - b) What you give up to get that item
  - c) Usually more than the rupee value of the item
  - d) Usually less than the rupee value of the item
2. The author of the book The Wealth of Nations is .....
  - a) James Madison.
  - b) Thomas Carlyle.
  - c) Adam Smith.
  - d) John Pierpont Morgan
3. In ordinal utility.
  - a) We measure satisfaction in numbers
  - b) We rank our satisfaction
  - c) Any of the above
  - d) None of the above
4. Firms in an industry that produces a differentiated product.....
  - a) are either monopolists or oligopolists.
  - b) are either monopolistically competitive or perfectly competitive
  - c) are either monopolistically competitive or oligopolists.
  - d) are either perfectly competitive or oligopolists.
5. The discriminating monopolist charges a.....
  - a) higher price in the market where price elasticity of demand is high
  - b) higher price in the market where price elasticity of demand is low
  - c) same price in all the markets
  - d) all the above

**Fill in the Blanks.**

6. The central problems of an economy are, what to produce, how to produce and \_\_\_\_\_.
7. Scarcity definition of economics is a contribution of \_\_\_\_\_.
8. There is a \_\_\_\_\_ relationship between price and quantity supplied.
9. Average cost is defined as \_\_\_\_\_.
10. A discriminatory monopolist charge \_\_\_\_\_ price in a market where demand is inelastic.

**(10 × 1 = 10 Marks)  
(PTO)**

**PART B: Answer any *eight* questions. Each carries *two* marks.**

11. Why problem of choice arises in the economy?
12. Define production possibility frontier.
13. How do people make decisions?
14. When does PPC shift to the right or left?
15. What are the features of public goods?
16. Define income effect.
17. What is the selling cost?
18. Define production function.
19. Why is demand curve Kinked?
20. Define Oligopoly.

**(8 × 2 = 16 Marks)**

**PART C: Answer any *six* questions. Each carries *four* marks.**

21. How do people interact and deal with others in the economy?
22. Explain the production possibility frontier with a graph.
23. What are the situations in which the law of demand is not applicable?
24. Explain the law of diminishing marginal utility.
25. What are the different types of short-run costs?
26. What is Monopoly? Examine the necessary and sufficient conditions for equilibrium in a monopoly market.
27. What are the different types of markets according to competition?
28. How do firms reach equilibrium in a perfectly competitive market in the short run?

**(6 × 4 = 24 Marks)**

**PART D: Answer any *two* questions. Each carries *fifteen* marks.**

29. What are returns to scale and explain different types with the aid of isoquants?
30. Define price elasticity of demand. What are the different methods of measurement of price elasticity of demand?
31. Explain constrained utility maximization of a consumer using indifference curve and budget line

**(2 × 15 = 30 Marks)**