

Roll No.

OLE-57506

**BBA 1st Semester (N.S.) 2014-17
Examination – April, 2021**

MICRO ECONOMICS FOR BUSINESS DECISIONS

Paper : BBAN-106

Time : Three Hours]

[Maximum Marks : 80

Before answering the questions, candidates should ensure that they have been supplied the correct and complete question paper. No complaint in this regard, will be entertained after examination.

Note : Section - A is *compulsory*. Attempt *four* questions from Section-B (*one* question from each Unit). All questions carry equal marks.

SECTION – A

1. Write short notes on the following :

- (i) State any *two* uses of the study of microeconomics.
- (ii) What is 'Giffen Paradox' ?
- (iii) Write factors effecting Location of plant.
- (iv) Explain external economies of scale.

- (v) Discuss aspect of non-price competition.
- (vi) What is opportunity cost ?
- (vii) Define Quasi-rent.
- (viii) Differentiate between Firm and Industry.

SECTION – B

UNIT – I

- 2. (a) If income of consumer rise and cost of production of LED TV falls, show the impact of these changes in market equilibrium, quantity and price of LED TV using suitable diagram.
- (b) What are the determinant of market demand ? What possible changes can result shift in demand curve ?
- 3. (a) Using Indifference curve, explain the income effect and substitution of a decrease in price of an inferior good.
- (b) Total Revenue at a price of Rs. 8 per unit of a commodity is Rs. 480. Total Revenue increases by Rs. 320 when its price rises by 25%. Calculate its Price Elasticity of Supply.

UNIT – II

- 4. Critically examine the proposition that 'as the contemplated future volume of output increases, the expected unit cost of output declines'.

5. What do you mean by optimum size of the firm ?
Discuss the factors affecting optimum size of firm.

UNIT – III

6. Discuss the role of time element in the determination of price and output under perfect competition with the help suitable diagrams.
7. Explain the inability of economic theory to find satisfactory solutions to the theoretical problem of price and output decision-making in oligopolistic markets.

UNIT – IV

8. Analyse the effects of an increase in interest rates on the investment activity of a profit maximising firm. Does it matter if inflation increases in proportion to the increase in interest rates ?
9. Analyse the effects of an increase in both wage rates and labour productivity on the costs of the firm.