

Roll No. ....

**57506**

**BBA 1st Semester (New Scheme)  
Examination – December, 2022  
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 (Question No. 1) is **compulsory**. Attempt **four** questions from Section – B selecting **one** question from each Unit. All questions carry equal marks.

**SECTION – A**

1. Briefly explain the following :
- (a) Normative science
  - (b) Draw a demand schedule and a demand curve
  - (c) Giffen goods
  - (d) Marginal cost

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- (c) Effect of change in supply on price
- (f) Relationship between AR and MR
- (g) Income effect
- (h) External economies of scale

**SECTION - B**

**UNIT - I**

- 2. Explain the concept of Price, Cross and Income elasticity of demand. Describe the importance of those elasticities in marginal decision making.
- 3. What is the effect of equal increase in demand and supply on Equilibrium price ? Explain with diagram.

**UNIT - II**

- 4. What is optional input combination ? How is it determined by the use of isoquants ?
- 5. Discuss the factors affecting optimum size and location of firms.

**UNIT - III**

- 6. What do you mean by monopoly market ? Describe equilibrium of a firm under price discriminating monopoly. When is it feasible and profitable ? Explain.

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- 7. What is Product Differentiation ? How are products differentiated under monopolistic competition ? What are the advantages and disadvantages of Price Differentiation ?

**UNIT - IV**

- 8. Explain the characteristics of various factors of production. Write a detailed note on marginal productivity theory. Why is it considered superior to other theories ?
- 9. Critically, examine classical theory of interest.

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