



Yogoda Satsanga Mahavidyalaya

(Established in 1967)

NAAC Accredited B++ (CGPA 2.89)

Affiliated to Ranchi University & registered under 2 (F) & 12 (B) of UGC Act



BBA SEMESTER -1

PAPER CODE-GE 1A

PAPER NAME-MICROECONOMICS

Very Short Answer type Question (True or False)

1. Total Revenue = Total Quantity × Price
2. When Total Revenue is constant Average revenue will also be constant?
3. Average variable cost can fall even when marginal cost is rising.
4. When a change in demand is greater than the change in price, it is a case of inelastic demand.
5. When a very insignificant change in price leads to an infinite change in quantity demanded, it is known as perfectly elasticity of demand.
6. Complementary goods exhibit low of elasticity of demand.
7. A indifference curve shows combinations of two goods yielding the same level of satisfaction.
8. Any combination of goods that lie above a given indifference curve will provide the individual with a greater level of satisfaction.
9. The quantity of a commodity demanded by a consumer is influenced by the price of the commodity.
10. The quantity of a commodity demanded by a consumer is influenced by the prices of related commodities.

Short Answer Type Question

1. What is marginal revenue how it is related to average revenue? How do you find total revenue from marginal revenue?
2. What would be the shape of demand curve so that total revenue curve is
 - a) A positive straight line passing through the origin?
 - b) A Horizontal line?
3. Comment on the shape of the marginal revenue curve in case the total revenue is a
 - (i) positively straight line
 - (ii) Horizontal straight line
4. What is the behavior of average revenue in the market, in which firm can sell more units of output only by lowering the price & also explain what is the behavior of marginal revenue in which firm can sell more units of output at a given price?
5. How is a price elasticity of Demand of a good influenced by availability of its close substitute? Explain by giving example?



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6. Explain the geometric method of measuring price elasticity of demand ?
7. What is an Engel Curve how is Engel curve derived from income consumption curve ?
8. Explain How to derive Demand curve from Price Consumption curve?
9. Explain indifference curve analysis & why it is convex to the origin?
10. Explain consumer Equilibrium with its assumption?

Long Answer type of Question

1. How do you do a revenue analysis? How do changes in marginal revenue affect total revenue & also explain When Average Revenue is constant What is the shape of Marginal Revenue?
2. Explain & illustrate what is price consumption curve., show that its shape depends on the elasticity of demand for a commodity. Compare the price consumption curve with the Marshallian individual demand curve ?
3. What is meant by "Consumer's equilibrium" ? How would the equilibrium of a consumer in respect of a particular commodity be affected if a) the price of that commodity rises b) the income of the consumer falls c) the price of the substitute commodity falls? Use indifference curve technique for the answer?
4. Define price elasticity of demand . Prove that (i) a straight downward sloping curve implies that as price falls elasticity of demand decreases ii) illustrate how elasticity of demand varies for different incomes & different ranges of prices?
5. Define the term elasticity of demand & what are the factors that affect Elasticity of Demand & how it is measured?
6. What is an Engel Curve how is Engel curve derived from income consumption curve & also explain what is income consumption curve ?

Unit 2

Very Short Answer type Question (True or False)

- 1) A production function does not show the amounts of PROFIT a firm can earn..
- 2) Diminishing marginal returns is always caused by having a FIXED input.
- 3) If the marginal product of a worker is positive, it means total product is FALLING.
- 4) A production function shows the amount of output a firm can produce using different amounts of input.
- 5) The slope of the short-run production function is equal to the average product of the variable input
- 6) An isoquant shows all combinations of two inputs that will result in the same level of output.
- 7) The marginal resource cost of an input is identical to the firm's demand curve for that input.



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Short Answer type Question

1. What is Iso - product curves? Explain their characteristics?
2. Explain law of increasing returns ? Do increasing return necessarily leads to Monopoly?
3. How far are increasing return compatible with competition?
4. what is a production isoquant & how do you draw an isoquant from production function?
5. what does MRTS mean & is an expansion path always a straight line?
6. what is meant by return to factor & state the law of diminishing return to factors?

Long Answer type Question

1. What is a Firm's expansion path, how do you calculate it & also explain what is isoclines in economics?
2. Explain return to scale using Isoquant approach ?
3. What does scale of production mean? What is meant by change in scale of production? How do you determine if a production function has increasing returns to scale?
4. What does Law of variable proportion show? State the behavior of Marginal Product & Total Product according to this law?
5. Explain the laws of return to scale using isoquants & also explain why do decreasing return to scale occur?
6. What is short run and long run production?
7. What is long run and short run cost & also explain What is the difference between the short run and the long run in economics? What is short run production?
8. Explain why is average long run cost curve is "U" shaped ? & also distinguish between AC and MC and discuss the significance of this distinction in the analysis of firm's equilibrium?

UNIT 3

Very Short Answer type Question (True or False)

1. Economists define a market as a place where buyers go to purchase units of a commodity.
2. If a market is perfectly competitive, then the market demand curve must be infinitely price elastic.
3. If the firms in an industry are **price takers**, then every firm in the industry faces a horizontal demand curve.



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4. Market structure refers to the competitive environment in which the buyers and sellers of a product operate.
5. In perfect competition, there are significant restrictions on entry of the firm.

Short Answer type Question

Q.1. In a seller in equilibrium does not determine price but adjust his output to the prevailing price .Elucidate with illustration?

Q.2 `Through demand & supply production becomes profitable to producers & price acceptable to consumer discuss?

Q.3. With the help of a diagram explain the short run equilibrium of a firm under perfect completion

- i. Super or abnormal profit
- ii. Normal profit

Q.4 . Distinguish between market price & Normal price .In what respect is the determination of these two prices different?

Long Answer type Question

Q.1. How would you derive the supply curve of an industry under perfect competition (a) in the short run, and (b) in the long run? Do all firms always get normal profit under perfect competition?

Q.2. Explain what is perfect market competition with assumption and equilibrium of firm & industry in the short run and long run ?

Q.3. Explain Producer Surplus and its Efficiency of Competitive Market & how do we measure producer surplus & how its maximized?

Q.4. What do you understand by perfect competition & its assumption ? And also explain how is price & output determined under the perfect market completion?

UNIT 4

Very Short Answer type Question (True or False)

1. A monopoly is a firm that produces a good or services for which no close substitute exists
2. A monopolist is a price taker
3. Under monopoly market situation there are large number of buyer & seller



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3. A monopolist can fix high price to sell its goods.
4. The monopolist always maximizes its profits by producing the amount of output that sets the marginal revenue equal to zero.
5. A monopoly creates a dead weight loss because it produces less than efficient quantity.

Short Answer type Question

Q.1. Compare perfect competition & monopoly in respect of price, output & profit?

Q.2. Explain the meaning of the phrase 'the monopolist is constrained by the demand curve for the product'?

Q.3. What is Monopoly & What are barriers to entry & also explain Why do monopoly suppliers spend so much time in establishing and maintaining them?

Q.4. Explain the difference between a monopoly industry and an oligopoly & also Examine the factors that might give a firm a degree of monopoly power in a market consisting of several suppliers?

Q.5. Explain why, if a monopolist takes over a perfectly competitive industry and takes advantage of no economies of scale, then the monopolist will reduce the quantity available for sale and at the same time raise the price.

Long answer type Question

Q.1. What is Monopoly? Explain long & short run equilibrium under Monopoly?

Q.2. What is monopoly power, how it is measured? And also explain what are its degree & sources?

Q.3. Why is it Impossible to Construct a Supply Curve under Monopoly? And also explain Why do increases or decreases in quantity demanded not shift the position of the demand curve

Unit 5

Very Short Answer type Question (True or False)

1. A monopolistic competitor, much like a firm in perfect competition, sells its product at a point where price is equal to marginal cost.
2. Oligopoly is a market structure in which there are few sellers of a product and additional sellers cannot easily enter the industry.



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3. Firms that sell commodities on markets that are imperfectly competitive face downward-sloping demand curves
4. Market structure refers to the competitive environment in which the buyers and sellers of a product operate..
5. Under imperfect market competition sellers in the market sell similar products.

Short answer type Question

Q.1 .What is Oligopoly Market ? Also discuss its main features and types?

Q.2 Discuss the relationship between the marginal cost and price under monopolistic competition & monopoly?

Q.3. What do you mean by monopolistic competition ? How does Chamberlain's theory of monopolistic competition constitute an advance over it?

Long answer type Question

Q.1. What do you mean by monopolistic competition ? How are price and output determined under monopolistic competition & also explain why does the demand curve under the monopolistic competition is more elastic than under Monopoly?

Q.2. what is the shape of the selling cost curve under Monopolistic competition ? How is the blending of Monopoly & Competition reflected in the price output results of long run equilibrium under monopolistic competition?

Q.3. What is Kinked demand Curve & examine the significance of a firm's kinked demand curve in the theory of price under Oligopoly?