

Vidya Vikas Mandal's  
Shree Damodar College of Commerce & Economics, Margao-Goa  
First Year.B.B.A(F.S), Semester I, 2016  
End Semester Examination October  
**MICRO ECONOMICS**

**Time: 2hrs.**

**Max. Marks : 60**

*Instructions: All questions are compulsory  
Start each question on a fresh page  
Figures to right indicate full marks*

**1a.** Write a note on scope of business economics. (6)

**1b.** Discuss the features of Capitalist economy. (6)

**OR**

**1x.** Illustrate with the help of the diagram the Law of Demand. (8)

**1y.** Explain the different factors affecting supply. (4)

**2a.** Consumers income increases from Rs 1000 to Rs 1500. The consumer increases his purchases from 20 units to 25 units. Find consumers income elasticity of demand. (3)

**2b.** When market price changes from Rs.30 to Rs.28 the demand expands from 60 units to 80 units. Find arc elasticity of demand. (3)

**2c.** If there is change in the price of apples from Rs.58 to Rs.65 the total supply of apples increases from 100 units to 120 units. Find price elasticity of supply. (3)

**2d.** A firm increases its advertisement expenditure from Rs.20000 to Rs.25000. The sales increased from 10000 units to 12000 units. Find advertising elasticity. (3)

**3. Answer any three short notes:** (4x3)

- a. Cross Elasticity of demand
- b. Fixed cost and Variable cost
- c. Economies of scale
- d. Features of LAC curves.

**4a.** Illustrate with the help of diagram the stages of the Law of Variable Proportion. (12)

**OR**

**4b.** Explain the theory of costs in the short-run. (12)

**5a.** What is monopolistic competition? State the features of monopolistic competition. (6)

**5b.** Discuss the various pricing methods. (6)

**OR**

**5y.** Explain the determination of equilibrium price and output of the Firm under Monopolistic competition. (12)