

**Vidya Vikas Mandal's**  
**Shree Damodar College of Commerce & Economics, Margao-Goa**  
**First Year.B.B.S,Semester I,2015**  
**End Semester Examination October**  
**MICRO ECONOMICS**

**Max.Marks :60**

**Time:2hrs.**

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

- 1a.** Explain the usefulness of business economics in decision making. (8)  
**1b.** Outline the exceptions of law of demand (4)

**OR**

- 1x.** Discuss the features of a Socialist economy. (6)  
**1y.** Explain the different factors affecting supply. (6)

**2. Answer any four of the following:** (3x4)

- a.** 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.
- b.** The price of football ticket increases from Rs.100 to Rs.150 the number of people going to watch the match falls from 200 people to 160 people. Find price elasticity of demand for match.
- c.** When market price changes from Rs.30 to Rs.28 the demand expands from 60 units to 80 units. Find arc elasticity of demand.
- d.** 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.
- e.** 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. Answer any three short notes:** (4x3)

- a.** Types of Income Elasticity  
**b.** Importance of Price elasticity of demand  
**c.** Economies of scale  
**d.** Features of LAC curves.

**4a.** Illustrate with the help of diagram the stages of the Law of returns to scale. (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 Monopoly competition. (12)