

2025

BUSINESS ADMINISTRATION — HONOURS

Paper : BBAA-502-CC 10

(Microeconomics)

Full Marks : 75

The figures in the margin indicate full marks.

*Candidates are required to give their answers in their own words
as far as practicable.*

Group - A

1. Answer *any ten* questions :

2×10

- (a) State the law of demand.
- (b) What is the law of equimarginal utility?
- (c) What are perfect substitutes?
- (d) Define iso-cost line.
- (e) What is perfectly inelastic demand?
- (f) What is cross price elasticity of demand?
- (g) What is the shape of short-run average fixed cost curve?
- (h) What do you mean by shutdown point?
- (i) What is meant by marginal rate of technical substitution?
- (j) Define Giffen goods.
- (k) Define sunk cost.
- (l) State any two assumptions of perfect competition.
- (m) What do you mean by 'excess capacity' in monopolistic competitive market?
- (n) What is the shape of AR and MR curves, when price is variable?
- (o) What do you mean by third degree price discrimination?

Group - B

2. Answer *any five* questions :

5×5

- (a) Explain five exceptions to the law of demand.
- (b) State and explain the law of diminishing marginal utility.

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- (c) Why is the AVC curve 'U' shaped?
- (d) Show that on a straight line downward sloping demand curve, price elasticity of demand varies from zero to infinity.
- (e) Explain the concepts of 'increasing', 'decreasing' and 'constant' returns to scale.
- (f) What is the difference between perfect price discrimination and block pricing principle?
- (g) Distinguish between perceived and proportional demand curves faced by a representative firm under monopolistic competition.
- (h) What do you mean by Prisoner's Dilemma?

Group - C

Answer *any three* questions.

- 3. (a) State and prove the properties of an indifference curve.
- (b) Explain income consumption curve for a normal good. 7+3
- 4. (a) Diagrammatically, explain the relationship between TP, AP and MP using the law of variable proportions. In which stage should a rational producer produce?
- (b) Calculate AVC and MC from the following table :

Quantity	TC	TFC
1	12	10
2	18	10
3	25	10
4	30	10

5+2+3

- 5. (a) Derive the short-run supply curve of a firm under perfect competition.
- (b) What do you mean by Lerner Index of monopoly power? 8+2
- 6. (a) Why is the demand curve kinked in Sweezy's oligopoly model?
- (b) Explain the Cournot model of duopoly. 2+8
- 7. (a) Write a short note on output expansion path.
- (b) Why is the labour supply curve backward bending? 5+5