



The Bhawanipur Education Society College
Department of Commerce
B.Com. Semester I Examination, 2025 (Under CCF,2022)
Subject: Microeconomics (IDC/MDC -1)

FULL MARKS: 50

Time: 2 Hours

GROUP A

Answer any ten:-

(2 × 10 = 20)

- Given below are two statements. Mention whether they are normative or positive.
Statement I: Increase in price reduces quantity demanded
Statement II: Government should subsidize food grains
- If the opportunity cost is constant, then the Production Possibility Curve will be
A. Concave to origin
B. Convex to origin
C. Downward sloping linear
D. Downward sloping non-linear
- If price of Commodity A increases, the quantity demanded of A falls but there is increase in demand for Commodity B. Then,
A. the two commodities are said to be complement of each other
B. the two commodities are said to be substitutes of each other
C. Commodity A is inferior good
D. Commodity A is giffen good
- Tom decides to spend Rs. 500 on chocolates irrespective of price. His demand is:
A. Perfectly elastic
B. Perfectly inelastic
C. Unit elastic
D. Relatively elastic
- Demand function is $Q_d = 100 - 5P$. The slope of inverse demand function will be:
A. -5
B. -1/5
C. -20
D. -1/20
- Which of the following is a feature of a monopoly?
A. Many sellers, identical products
B. Single seller, unique product
C. Free entry and exit in the market
D. Price equals marginal cost
- Match the following costs based on the relevant scenario

Cost	Scenario
A. Implicit cost	1. Cost of producing one extra unit
B. Marginal cost	2. Using own building instead of renting it out
C. Sunk cost	3. Paid Rs 50 for coffee but accidentally knocked over
D. Opportunity cost	4. Left a job of ₹30,000 per month to start business

- How does the budget line change if the consumer's income increases but the prices remain unchanged?

9. If $MU_x/MU_y > P_x/P_y$, what should the consumer do to attain equilibrium?
10. What happens to equilibrium price if demand increases and supply remains constant?
11. State the Law of Diminishing Marginal Utility.
12. State the Law of Variable Proportions.
13. What are the short-run equilibrium conditions for a firm under perfect competition?
14. In a monopoly with a linear demand curve, the slope of marginal revenue (MR) curve is twice as steep as the average revenue (AR) curve. Is the statement correct? Sketch the graph. (1+1)
15. Define Lerner Index of Monopoly Power.

GROUP B

Answer any Four:

(5 × 4 = 20)

16. Define Demand. Explain movement along demand curve and shift in demand curve with diagram. (2+3)
17. Explain Price Elasticity of Demand. What is the degree of elasticity of demand in case of the following demand curves:
 - i. Straight line parallel to X-axis?
 - ii. Straight line parallel to Y-axis?
 - iii. A rectangular hyperbola curve? (2+3)
18. Explain consumer surplus with the help of a diagram. If price of a good is Rs. 10 and marginal utility of a consumer is Rs. 15; how much will be the consumer surplus? (4+1)
19. Is there a difference between the demand curve faced by the firm and industry? Give reasons and graph the demand curve to support your view. (1+2+2)
20. Differentiate between Perfect Competition and Monopoly.
21. Discuss relationship between Total Product, Average Product and Marginal Product with help of diagram.

GROUP C

Answer any one:-

(10 × 1 = 10)

22. Answer the following questions in context of markets:
 - a. Define price discrimination. State and explain the three types of price discrimination with examples. (5)
 - b. Explain with the help of a diagram the concepts of shut down point and break-even point of a firm under perfect competition? (5)
23. Market demand: $Q_d = 100 - 2P$, Market supply: $Q_s = 20 + 2P$
 - a. Find equilibrium price and quantity. (2)
 - b. If price of product increases by Rs 5 from equilibrium point, then quantity demanded will be? (1)
 - c. Calculate arc elasticity of demand between points (a) and (b). (2)
 - d. If demand increases to $Q_d = 120 - 2P$, find new equilibrium price and quantity. Will the new demand curve shift? Explain by plotting initial and new demand curve. (5)



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