2026

BUSINESS ADMINISTRATION — HONOURS

Paper : BBAA-202-M2

(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) If a buyer buys more of a good when his income rises, how will the demand curve change?

(b) What is perfectly elastic supply?

(c) What are substitute goods?

(d) Define Marginal Cost (MC).

(e) State the assumptions of oligopoly market.

(f) What is meant by marginal rate of substitution?

(g) What is Sunk Cost?

(h) Define isoquant.

(i) Why is a firm price taken in a Perfectly Competitive market?

(j) Draw (i) an infinitely elastic and (ii) a completely inelastic demand curve.

(k) Define Super Normal Profit.

(l) Mention two factors which directly affect the demand for labour.

(m) What do you mean by shut down point?

(n) What is a price consumption curve?

(o) State the law of diminishing marginal utility.

(p) Define Giffen Good.

Group - B

2\. Answer ***any five*** questions :

(a) Briefly discuss about the factors that determine market demand. 5

(b) Define Total lost. Distinguish between fixed inputs and variable inputs. 2+3

(c) What are the properties of Indifference Curve? 5

(d) What is price elasticity of demand? What will be the shape of demand curve if the value of price elasticity is zero? 2+3

(e) Briefly discuss the features of perfectly competitive market. 5

(f) What is income consumption curve? What is the shape of income consumption curve in case of inferior good? 2+3

(g) What are exceptions to the law of demand? 5

(h) What are reasons behind price rigidity in oligopoly market? 5

Group - C

Answer ***any three*** questions.

3. Why is Short Run Average Cost Curve 'U' shaped? Why is the Long Run Average Cost Curve called Envelopecurve? 5+5

4. Explain consumer equilibrium with the help of Indifference Curve Approach. 10

5. Discuss the role of gross elasticity of demand in making business decisions. Explain the concept using an illustration. 5+5

6. Explain how a firm reaches long run equilibrium in a perfectly competitive market. 10

7. What are the reasons behind presence of excess capacity in the monopolistic competition? How is this excess capacity socially beneficial? 7+3
