

END TERM EXAMINATION

FIRST SEMESTER [B.COM (HONS.)] NOVEMBER-DECEMBER 2017

Paper Code: B.COM-105

Time: 3 Hours

Subject: Microeconomics

Maximum Marks: 75

Note: Attempt all questions as directed Internal choice is indicated. All questions carry equal marks.

Q1 Attempt any four

- a) Difference between business economics and economics
- b) Concept of opportunity cost
- c) Movement along vs. Shift in demand curve
- d) Income elasticity of demand
- e) Indifference curve and Iso-quant curve
- f) Production function
- g) Short run cost and long run cost
- h) Oligopoly market

Q2 What is the contribution and application of business economics to Business? Explain

OR

What do you understand by market forces? How these forces determine the equilibrium in the market?

Q3 What is the ordinal utility approach? Why an indifference curve is convex to the origin? What shape will it take if both of goods are "Economic Bads"?

OR

With the help of the indifference curve and the budget line explain the concept of the equilibrium of consumer. Why is the consumer not at the equilibrium at points where the indifference curve intersects the budget line?

Q4 State and explain the law of variable proportions and its phases

OR

What are the relationship between Total Product(TP), Average Product(AP), and Marginal Product(MP)? Using these relationships, show the three stages of production? In which stage will rational producer will produce?

Q5 What are the characteristics of perfect competition? A perfect competitive firm can never earn more than normal profit in the long run? Explain using appropriate diagrams.

OR

What is monopolistic competition? How is price determined under monopolistic competition in short run?

P