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BACHELOR OF BUSINESS ADMINISTRATION (B.B.A.)
EXAMINATION: DECEMBER- 2024
SEMESTER - III
Sub.: Micro Economics (BBA22-312)

Date : 19/12/2024**Total Marks : 60****Time: 2.00 pm to 4.30pm**

Instructions: 1) All questions are compulsory.
 2) Figures to the right indicate full marks.

Q. 1. Choose the most appropriate option. (05)

1. The demand curve is downward sloping because of:
 - a) Increasing marginal cost
 - b) Diminishing marginal utility
 - c) Law of supply
 - d) Giffen goods
2. Diminishing returns to a factor occur when:
 - a) Total output starts to decrease
 - b) Marginal output starts to decrease
 - c) Average output starts to decrease
 - d) None of the above
3. Firms in monopolistic competition differentiate their products using
 - a) Price wars
 - b) Advertising and branding
 - c) Natural monopolies
 - d) Subsidies
4. A defining feature of oligopoly is:
 - a) Many small sellers
 - b) Homogeneous products only
 - c) Few large sellers
 - d) No product differentiation
5. Trade cycles typically consist of:
 - a) Four phases
 - b) Two phases
 - c) Three phases
 - d) Five phases

Q. 2. State True / False (05)

1. Oligopolistic markets often lead to price rigidity.
 - a) True
 - b) False
2. The depression phase of a trade cycle is characterized by high employment.
 - a) True
 - b) False
3. Monopolists can set both the price and quantity of goods sold.
 - a) True
 - b) False
4. A production function shows the relationship between input prices and output.
 - a) True
 - b) False
5. Net National Product (NNP) is calculated by subtracting depreciation from Gross National Product (GNP).
 - a) True
 - b) False

Q. 3. Write Short notes on (Any Three) (15)

1. Monopoly Market
2. Cross Elasticity of Demand
3. Law of Variable Proportions
4. Definition of Microeconomics
5. Law of Supply and Supply curve

Q. 4. Answer in detail (Any Two)

(20)

1. Explain the monopolistic market and oligopoly market
2. Long run production function with its economies of scale analysis
3. Explain the theory of trade cycle with proper phases and diagram
4. How Market equilibrium is attained? Write it along with suitable diagrams

Q. 5. Case study

(15)

The wheat market in India operates under the conditions of perfect competition. Thousands of small farmers produce identical wheat crops, and no single farmer can influence the market price. Recently, the market price of wheat was ₹25 per kilogram due to high demand. However, a bumper harvest has increased the overall supply, pushing the price down to ₹20 per kilogram. Farmers are concerned about their profits, as they cannot control the price and must accept the market rate.

Questions:

1. Explain why the wheat market is considered an example of perfect competition. Highlight the key characteristics of a perfectly competitive market that apply to this case.
2. How does the decrease in the price of wheat from ₹25 to ₹20 per kilogram affect the individual farmer's revenue, assuming their output remains constant?
3. Suggest two strategies farmers could adopt to mitigate the impact of declining wheat prices in a perfectly competitive market. Justify your suggestions.
