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BACHELOR OF BUSINESS ADMINISTRATION (B.B.A.)

EXAMINATION: MAY - 2025

SEMESTER - III

Sub.: Micro Economics (BBA22-312)

Date : 28/05/2025

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. Which of the following is the best definition of economics?
 - a) Study of wealth
 - b) Study of how people allocate scarce resources
 - c) Study of markets only
 - d) Study of business profits
2. The Law of Supply states that:
 - a) As price increases, supply decreases
 - b) As price increases, supply increases
 - c) Supply is not affected by price changes
 - d) Demand and supply are unrelated
3. The income elasticity of demand measures
 - a) How quantity demanded changes with income
 - b) How price changes with supply
 - c) Relationship between production and sales
 - d) Impact of government policies on business
4. Fixed costs are those that:
 - a) Change with production level
 - b) Remain constant regardless of output
 - c) Are avoidable in the long run
 - d) Increase with demand
5. In a monopoly, the firm has:
 - a) Many competitors
 - b) No control over prices
 - c) Free market entry
 - d) Complete control over supply

Q. 2. State True / False (05)

1. The scope of economics includes production, distribution, and consumption
 - a) True
 - b) False
2. A surplus occurs when demand exceeds supply
 - a) True
 - b) False
3. Public goods are those that are non-excludable and non-rivalrous
 - a) True
 - b) False
4. GDP includes the value of all goods and services produced within a country
 - a) True
 - b) False
5. In an oligopoly, a few firms dominate the market
 - a) True
 - b) False

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

1. Functions of Managerial Economics
2. Law of Demand and its Exceptions
3. Fixed Cost vs. Variable Cost
4. Types of Market Structures and Their Characteristics
5. Monopoly and Its Characteristics

Q. 4. Answer in detail (Any Two) (20)

1. Differentiate between microeconomics and macroeconomics with examples
2. Explain the concept of market equilibrium and how price is determined in a competitive market
3. Explain the short run production function with law of variable proportions
4. Discuss the different phases of trade cycles and their impact on the economy

Q. 5. Case study (15)

Price Hike In petrol

Due to global supply chain issues, petrol prices have increased significantly, what steps should be taken as a BBA Student imagining yourself being a policy maker

Questions:

1. How does this affect demand for petrol?
 2. What happens to the equilibrium price and quantity in the market?
 3. How can governments intervene to control the situation?
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