

TILAK MAHARASHTRA VIDYAPEETH, PUNE
BACHELOR OF BUSINESS ADMINISTRATION (B.B.A.)

EXAMINATION: DECEMBER - 2025

SEMESTER - III

Sub.: Micro Economics (BBA22-312)

Date : 18/12/2025

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. Microeconomics deals with:
 - a) National income
 - b) Employment level
 - c) Price determination in individual markets
 - d) Balance of payments
2. When price decreases, quantity supplied generally:
 - a) Becomes zero
 - b) Remains constant
 - c) Decreases
 - d) Increases
3. A determinant of demand is:
 - a) Production Technology
 - b) Cost of production
 - c) Number of sellers
 - d) Income of consumers
4. If the percentage change in demand is equal to the percentage change in price, elasticity is:
 - a) Unitary elastic
 - b) Perfectly elastic
 - c) Perfectly inelastic
 - d) Highly elastic
5. Rent is the reward for:
 - a) Labour
 - b) Land
 - c) Capital
 - d) Organization

Q. 2. State True / False (05)

1. Economics studies how people use limited resources to satisfy unlimited wants.
 - a) True
 - b) False
2. According to the law of demand, price and quantity demanded move in the same direction.
 - a) True
 - b) False
3. Market equilibrium is reached when supply equals demand at a particular price.
 - a) True
 - b) False
4. If demand is perfectly inelastic, the demand curve is vertical.
 - a) True
 - b) False
5. Fixed costs vary directly with the level of output.
 - a) True
 - b) False

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

1. Determinants of Supply
2. Income Elasticity of Demand
3. Oligopoly
4. Factors of Production – Land and Labour
5. Evolution of Microeconomics

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

1. Define Economics. Explain its nature, scope, and importance in modern economic systems with suitable examples.
2. What is the Law of Demand? Explain its assumptions, exceptions, and practical significance. Use diagrams to support your answer.
3. Define elasticity of demand. Discuss in detail the various types of elasticity of demand—price, income, cross, and advertising elasticity—with examples.
4. Explain the different types of market structures—Perfect competition, Monopoly, Monopolistic competition, and Oligopoly. Compare their main features.

Q. 5. Case study (15)

A small bakery in Pune sells fresh bread. Initially, the price of one loaf was Rs 40, and the bakery sold around 200 loaves per day. Due to a rise in demand during the festive season, the bakery increased the price to Rs 50, yet the quantity demanded dropped only slightly to 180 loaves. Meanwhile, the supply of flour in the market decreased due to transportation strikes, increasing production costs.

Questions:

1. Analyse the change in demand and supply in the bakery's market using the concepts of demand and supply curves.
 2. Explain whether the demand for bread in this case is elastic or inelastic, and justify your answer.
 3. How would the equilibrium price and quantity change in the situation of increased production costs?
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