

Mid-West University
Examinations Management Office
Surkhet, Nepal
End-Semester Examination-2080
Bachelor of Business Studies (BBS)
Semester - I

Subject: Micro Economics

Course Code: MGMT 413/313

Full Marks: 60 Pass Marks: 30

Time: 3: 00 Hours

You are required to answer in your own words as far as applicable. Figures in the margins indicate full marks.

SECTION A: VERY SHORT ANSWER QUESTIONS (10 X 1 = 10 MARKS)

Answer **ALL** the questions.

1. Define supply function in short.
2. Mention the different types of microeconomic analysis.
3. Define non-linear demand curve with mathematical formula.
4. If the supply function $D = 20 + 10P_x$ and equilibrium price P_x is 5. What will be the equilibrium supply?
5. If a consumer has money income Rs. 100 and price of X and Y commodities are 10 and 5 respectively, draw a budget line.
6. Symbolically, show short-run and long-run production function.
7. Why does ISO-cost line shift upward from its original position?
8. What do you mean by the first degree of price discrimination?
9. What do you mean by consistency of choice?
10. Write the meaning of money wage with one appropriate example.

SECTION B: SHORT ANSWER QUESTIONS (3 X 8 = 24 MARKS)

Answer any **THREE** questions.

11. Define microeconomics. What are the uses of microeconomics in management? Explain. [2+6]
12. State the meaning of price elasticity of supply. Elaborate the different types of price elasticity of supply. [3+5]
13. How is a consumer in equilibrium with the consumption of two commodities at cardinal utility analysis? Explain. [8]
14. What do you mean by ISO-quant? State its properties. [3+5]
15. Define price discrimination. Explain the third degree price discrimination. [3+5]

SECTION C: LONG ANSWER QUESTIONS (2 X 13 = 26 MARKS)

Answer any **TWO** questions.

16. Define market equilibrium. Explain the effect of increase in direct tax at market equilibrium. [5+8]
17. Using the short run total production function, $Q = 12L + 6L^2 - L^3$ answer the following questions.
a. Compute the given table. [3]

Labour (L)	Total Production $12L + 6L^2 - L^3$	Average Production $AP = TP/L$	Marginal Production $MP = \Delta TP / \Delta L$
0			
1			
2			
3			
4			
5			
6			

- b. Explain the law of variable proportion with a diagram. [7]
- c. What are the limitations of law of variable proportion? [3]
- 18. Write the meaning of gross interest and net interest. Explain the liquidity preference theory of interest. [5+8]

THE END