

Mid-West University  
Examinations Management Office  
Surkhet, Nepal  
End-Semester Examinations-2082  
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 microeconomics in short.
2. What is linear demand function?
3. What is economic cost?
4. If the price of Economics book increases by 20%, the supply of this book also increases by 50%. What will be the elasticity of supply?
5. Write a difference between cardinal and ordinal utility analysis.
6. One of the shops in Surkhet has Rs. 1000 to spend on labour and capital where the wage of labour is Rs. Rs. 100 and interest of capital is Rs. 50. The shopkeeper decides to spend all his money in labour. How much labour does a shopkeeper purchase?
7. If a pen manufacture company produces 50 units of pen in total cost Rs. 200. What will be the average cost of each unit of pen?
8. State any two characteristics of perfect competition market.
9. What is the main source of profit in Clark's theory of profit? Write in short.
10. Give the meaning of nominal wage.

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

Answer any **THREE** questions.

11. Explain the basic concept of positive and normative economics. What are the differences between positive and normative economics?
12. Define demand function. What are the determinants of demand?
13. What do you mean by indifference curve? State its properties.
14. Explain the different three types of law of returns to scale.
15. How is price and output determined under price leadership by dominant firm?

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

Answer any **TWO** questions.

16. Explain the degree of price elasticity of demand. How price elasticity of demand is measured in total outlay method?
17. Define Total Cost (TC) Average Cost (AC) and Marginal Cost (MC). Calculate the TFC, TVC, TC, AFC, AVC, AC, and MC with the help of given cost function of a firm;  
 $TC = 1500 + 20Q - 5Q^2 + 0.25Q^3$   
Let, the firm is producing 50 units of output.
18. "Rate of interest is determined by demand for and supply of loanable fund." Explain on the basis of loanable fund theory of interest

**THE END**