

**DR. MPS MEMORIAL COLLEGE OF BUSINESS STUDIES,
SIKANDRA, AGRA**

BBA 2nd Semester Question Bank

Subject: Micro Economics for Business

Unit 1

1. What is meant by micro-economics? Discuss the nature and scope of micro- economics.
2. Explain the law of diminishing marginal utility. Discuss the importance and limitations of this law.
3. What is consumer equilibrium? Explain consumer equilibrium with the help of utility analysis.
4. Distinguish between total utility and marginal utility. What is the role of law of equi-marginal utility in analyzing consumer behavior?

Unit 2

1. Explain the law of demand. Why does demand curve slope downwards to the right?
2. Discuss the various concepts of cost curves. How do they differ in short-run and long-run?
3. Distinguish between the movement along a demand curve and a shift in the demand curve. Also discuss the Giffen's paradox.
4. Explain the concepts of total fixed cost, total variable costs and total costs. How are they related to each other? Illustrate them through example
5. Why is U-shaped of long run average cost less pronounced than that of the short run average cost curve?

Unit 3

1. What do you mean by monopolistic competition? Explain the equilibrium of a firm under monopolistic competition
2. Explain the relationship between Marginal revenue, average revenue and total revenue with the help of appropriate diagramme and table.
3. Analyze the short-run and long-run equilibrium of a firm working under monopolistic competition.

4. Discuss in detail about price Discrimination and degree of price discrimination.
5. Define perfect competition. Illustrate and explain how firms under perfect competition find their equilibrium in the short-run?

Unit 4

1. What do you mean by factors of production? Explain marginal productivity theory and modern theory of distribution.
2. Discuss innovation theory of profit.
3. Discuss the theory of rent.

Answer briefly:

- a) What is micro economics?
- b) What is cardinal concept of utility
- c) What is a demand curve?
- d) Explain the concept of Total Revenue.
- e) What do mean by excess capacity?
- f) Define Quasi rent.
- g) Define Marginal Revenue
- h) Define selling cost
- i) Law of diminishing marginal utility.
- j) Relationship between AR, MR and total Revenue
- k) Opportunity cost.
- L) Distinguish between Cardinal & Ordinal Utility.
- m) Inferior Goods.
- n) Why MR is less than AR for a monopoly firm??
- o) Perfect Competition.

p) What does you mean by large number of buyers and sellers under perfect competition.

q) Define scarcity rent

r) Define Economic Rent

s) Define contract rent