DEPARTMENT OF MANAGEMENT
SCHOOL OF MANAGEMENT &BUSINESS STUDIES
JAMIA HAMDARD

Odd Semester Examination (Online) April 2021

B.Com (Hons) [FIRST SEM]

Subject Name: ...Microeconomics..........................

Subject Code: ....BCH102.................

MM: 75

Time: 03Hours

Email Id of the Examiner:vardah.saghir@gmail.com

Email Id of the Assistant Superintendent of Exams: bcomhonsfirstsem2021@gmail.com

Email Id of Dean: deanmanagement@jamiahamdard.ac.in

Note:

- Students have to submit the **Scannedhand written solutions**to the Examiner, Assistant Superintendent of Examination and Dean on the email ids as mentioned above.
- Students shall use **ruled white paper & blue ink** to write the solution. Each page must have a **serial number and the signature** of the student.
- An additional ½ an hour will be given to the examinees to scan the answer sheets, convert it into single PDF and upload it on the id's given on the question papers.
- If any two copies are found to be similar then both the copies shall be cancelled. Such students will be considered/ tried for unfair means.
- The attachedPDF shall be named as follows – Roll No- Full Name-Enrollment Number-Course-Semester-Subject Abbreviation(Example: 9334032-Rabia Shaheen-2017-334-032-BCOM-I-QTM)and students shall also mention the same in subject line of the email& his/her answer copy also.
- Answer All Questions, each carry equal marks.

Q1: A demand schedule for pens of Economics students at AS College is presented in the following table:

Price (Rs)	6	5	4	3	2	1	0
Qx	0	20	40	60	80	100	120

Find the following:

i) Price elasticity of demand when the price changes from Rs 5 to Rs 3 and Rs 3 to Rs 5

ii) Price elasticity of demand considering the average price of Rs 5 and Rs 3.

iii) Price elasticity of demand when the quantity demanded increases from 60 units to 100 units and when it decreases from 100 units to 60 units

iv) Price elasticity of demand when the quantity demanded is an average of 60 units and 100 units.

v) Why does the demand curve slope downward?

Q2: Suppose a tank manufacturer is producing in the short run where equipment is fixed. The manufacturer knows that as the number of labourers used in the production process increases from 1 to 7, the number of chairs produced changes as follows: 10, 17, 22, 25, 26, 25, and 23.

i) Calculate the marginal and average product of labour for this production function.

ii) Does this production function exhibit increasing returns to labour or decreasing returns to labour or both? Explain.

iii) Explain what might cause the marginal product of labour to become negative?

iv) Why does a profit-maximizing producer would produce in stage-II and not in stage-I or III? Explain.

v) What is the difference between Marginal Rate of Technical Substitution and Marginal Rate of Substitution?

Q3: Explain the concept of "Optimum Firm" using a suitable illustration and graph. Why is the LAC curve considered an envelope curve?

Q4: The market demand and the supply functions for a particular good in a perfectly competitive market are

$$Q_D = 80000 - 9000P$$

$$Q_S = 20000 + 6000P$$

i) Find the market equilibrium price.

ii) Using the market equilibrium price, prepare a market demand and supply schedule at the prices ranging from Rs 8 to Re 1.

iii) Why is a perfectly competitive firm considered a "price taker and not a price maker"?

iv) In what respect monopolistic competition differs from perfect competition?

v) Using a suitable graph, show the price and output determination in the short run in a perfectly competitive market.

Q5: What is the importance of distribution in economics? Discuss Marginal Productivity Theory of Distribution using suitable illustration.