Jamia Hamdard
School of Management and Business Studies
Department of Management
Odd Semester Examination - January 2023
B.Com(Hons)-I Semester
BCH102 & Microeconomics

Roll No...

Duration: 3 Hour

Max.Marks -60

Section A - Short Answer (6X4=24)

Note: Attempt any Six Questions, All questions carry equal marks

Q1: What is the effect of a bumper crop on farmer's revenue?
Q2: Differentiate between economies of scale and economies of scope. How are technical economies of scale different from financial economies of scale.
Q3: Discuss major determinants of location of firms.
Q4: When does a consumer maximize his or her utility? Explain the concept of Indifference Curves.
Q5: Discuss degrees of price discrimination under monopoly.
Q6: Why is long run average cost curve U shaped?.
Q7: Discuss the concept of optimal combination of inputs using isoquant and isocost.
Q8: Suppose the following demand function for coffee in terms of price of tea is given.
Qc = 100 +2.5 Pt where, Qc is the quantity demanded of coffee in terms of packs of 250 grams and Pt is the price of tea.
Find out the cross elasticity of demand when price of tea rises from Rs 50 per 250 grams pack to Rs 55 per 250 grams pack.
Q9: What does an income elasticity demand of 1.5 mean? Can income elasticity of demand be negative?

Section B-Long Answer *(3X12=36)*

Note: Attempt any Three Questions; All questions carry equal marks

Q1: Answer the following

a) If a 10% reduction in a commodity's price brings a 5% increase in the amount of money people spend to buy that commodity, comment on the price elasticity of demand.
b) Betty notices that no matter how many paper cups she buys, she always pays the same price per cup, comment on the price elasticity of supply.

c) Assuming that consumers buy 100 widgets at \$10 and 200 widgets at \$5, what is the elasticity of demand in this price range?

d) Mr. Gray has budgeted a fixed amount of money to buy eggs. Within a certain range of prices, he will spend neither more nor less than this amount of money on eggs, regardless of the price. Comment on the price elasticity of demand.

Q2: "An individual firm is a price taker in a perfectly competitive market." Explain. Discuss short run and long run analysis of a perfect market structure with suitable illustration.

Q3: Discuss Law of Variable Proportion with a suitable graph. Out of the three stages, where will the firm produce?

Q4: Answer the following :

a) There are four firms in an industry. The market share of Firm 1, Firm 2, Firm 3 and Firm 4 are 30%, 30%, 30% and 10% respectively. Calculate HHI and comment on the industry's market concentration.

b) If the four firm concentration ratio is 100%, what does it indicate?

c) Why do oligopolists usually match a price cut than a price increase by a competitor?

Q5: Answer the following:

a) What is the difference between change in quantity demanded and change in demand?

b) Determine factors that lead to change in demand.

c) What is the impact on the market demand for cosmetics i) with an increase in employment women; (ii) with a decrease in income tax.

Q6: Explain the importance of labour as a factor of production. Discuss the various theories of wages.