

International Islamic University Chittagong

Department of Business Administration

Final Examination

Semester: Spring 2018; Program: BBA

Course Title: Microeconomics in Business; Course Title: ECON-1201

Time: 2.5 hours

Marks-50

(Answer any Five of the followings)

(Different parts of same question must be answered serially)

1. a) Distinguish between Indifference Curve and Isoquant curve. Explain the properties of indifference curves elaborately. 5
b) Suppose, the price of good X is Tk. 50 and the price of good Y is Tk. 40. If the monetary income of consumer is Tk. 10000, then plot a budget line. What does this budget line show? If the price of X and Y increases by 25% and 20% respectively, what would be the effect on the budget line? 5
2. a) Distinguish between nominal and real income. How the real income related to the price effect. Show that the changes in income on the consumers equilibrium by the income Consumption Curve (ICC). 5
b) Discuss that how the price affects the consumers' equilibrium and demand. Use relevant graphs. 5
3. a) What is Law of Variable Proportions? Illustrate three zones of production. Which zone is called to be a rational zone and why? 5
b) Define the factors of production with example. How does the factors price determine in the market? Is the efficiency wage important in the market Bangladesh? 5
4. a) Describe the relationship among average cost, marginal cost and average variable cost. How do you determine the Shutdown condition? Explain 5
b) You are given a cost function $TC=200+100Q^3+50Q^2-80Q$, find out TC, VC, FC, AFC, AVC; MC and AC when $Q=15$ 5
5. a) Define the concept of total revenue, Average revenue and marginal revenue and show the relationship among them graphically. From the following equation: $TR=200Q-5Q^2$. Find out the average revenue and marginal revenue if $Q=5$ 5
b) Discuss the concept of price discrimination with its classifications. Use relevant examples and graphs 5
6. a) Distinguish between Monopoly and oligopoly with example. What are the barriers to entry? 5
b) State the differences between the monopolistic and perfectly competitive market. Which market is better for consumer? Explain your answer with example from Bangladesh 5
7. Define the following concept (any ten) 10*1=10

Duopoly market, iso-cost line, Budget line, Marginal Rate of Substitution (MRS), producer equilibrium, Engel Curve, law of diminishing marginal product, Increasing returns to scale; Decasing returns to scale, consumer equilibrium, cartel and collusion, Marginal Rate of technical Substitution (MRTS); Long run average cost

May Allah help Us! Ameen