



Seat No. : \_\_\_\_\_

# DQ-102

December-2025

(Int.) M.B.A., Sem.-III (NEP)

KS-MBA-DSC-C-233 : Microeconomics

Time : 2:00 Hours]

[Max. Marks : 50

1. What are the different objectives of the firm ? Why does a sales maximiser normally sell and advertise more than a profit maximiser and charges a lower price ? **10**  
**OR**
1. Assuming Cyert and March's model of behaviourism, explain the decision-making process of large multiproduct firm under uncertainty in an imperfect market. **10**
2. What is Income effect ? Explain how a change in consumer's income can influence the demand for inferior goods with the help of a diagram. **10**  
**OR**
2. Define the Law of Equi-Marginal Utility and explain how a consumer attains equilibrium by allocating income across different goods. Use a table to support your answer. **10**
3. What is elasticity of demand ? How can it be measured ? Explain the types of income elasticity of demand and its use in business. **10**  
**OR**
3. Discuss the steps involved in demand forecasting. What methods of demand forecasting you will use to forecast demand of a new product ? **10**
4. (A) Define an Isoquant, Explain the main properties with the help of a diagram. **5**
4. (B) Define an expansion path. Explain how it is derived from the producer's equilibrium at different output levels with the help of a diagram. **5**  
**OR**
4. Explain the short-run cost function of a firm with the help of a diagram. **10**
5. Multiple choice questions : **10**  
(1) A, B, C are three commodities, where A and B are complementary, whereas A and C are substitutes. With increase in price of commodity A  
(a) Demand of all commodities A, B and C will fall  
(b) Demand of commodities A and B will fall whereas demand of C will rise  
(c) Demand of commodities A and C will fall whereas demand of B will rise  
(d) Demand of commodities B and C will fall, whereas demand of A will rise

- (2) Ceteris Paribus means
- (a) Holding supply constant      (b) Holding demand constant  
(c) Price being constant      (d) Other factors being constant
- (3) A firm is currently selling 10000 units of its product per month. The firm plans to reduce the retail price from ₹ 1 to ₹ 0.90. From previous experience, the firm knows that the price of the product is  $-1.5$ . Assuming there are no other changes, the firm can now expect the sales of
- (a) 8500 units      (b) 10500 units  
(c) 11000 units      (d) 11500 units
- (4) Due to installation of a machine, the cost of production has decreased. It will lead to
- (a) Expansion in supply      (b) Increase in supply  
(c) Contraction in supply      (d) Decrease in supply
- (5) Which of the following is related with Microeconomics ?
- (a) Inflation in the economy  
(b) Unemployment problem  
(c) Income from the Postal department  
(d) National Income
- (6) According to the Law of Diminishing Marginal Utility :
- (a) Total utility always decreases  
(b) Marginal utility decreases as more units are consumed  
(c) Marginal utility increases as more units are consumed  
(d) Utility remains constant
- (7) If MRTS is diminishing, it means :
- (a) The firm can replace one input with the other at a constant rate  
(b) The firm must give up less of one input to get more of the other  
(c) The firm must give up more of one input to get additional units of the other  
(d) Marginal product of both inputs increases
- (8) When output increases proportionally with all inputs in the long run, the production function exhibits :
- (a) Increasing returns to scale  
(b) Constant returns to scale  
(c) Decreasing returns to scale  
(d) Diminishing marginal returns
- (9) The U-shape of the short-run average cost curve is primarily due to :
- (a) Economies of scale  
(b) Law of diminishing marginal returns  
(c) Constant returns to scale  
(d) Changes in input prices
- (10) In the short run, at least one input is :
- (a) Variable      (b) Zero  
(c) Fixed      (d) Increasing
-