

College Name: _____

Student Name: _____ Seat No: _____

Copy No: _____

KARACHI UNIVERSITY BUSINESS SCHOOL
UNIVERSITY OF KARACHI
FINAL EXAMINATION, DECEMBER 2016; AFFILIATED COLLEGES
MICRO ECONOMICS; BA (H)-311
BBA – I

Date: December 23, 2016

Max Time: 2 Hrs

Max Marks: 40

INSTRUCTIONS:

- 1. Attempt any 5 questions. Do not write anything on the question paper**
- 2. Mobile phone(s) or any other communicating device will not be allowed in the examination room. Students will have to remove the batteries of these devices before entering the examination hall.**

Q2: A student says "an increase in price causes a decrease in demand", I say that is wrong. Explain why?

Q3: What does it mean to say that market equilibrium is stable?

Q4: How do the prices and the income affect the shape of the budget line? What happens if the price of one good rises? What happens if income increases?

Q5: Briefly discuss the practical significance of cross price elasticity of demand

Q6: MRS will have an influence on the shape of an indifference curve. What influence?

Q7: What does "perfect competition" mean? State a few of the underlying assumptions.

Q8: Why do monopolies arise? Give a few examples of underlying structures that can generate a monopoly in a market.

Q9: If the price falls from 6 to 4, the quantity demanded rises from 8000 to 12000. Calculate the price elasticity of demand by using midpoints. What happens to total revenue (Price*Quantity) due to the price change?

END OF SUBJECTIVE PAPER