

JK Lakshmipat University, Jaipur
INSTITUTE OF MANAGEMENT
End Term Examination, December 2025
BBA, Semester I, 2025-26

Roll No.....

EP1105: MICRO ECONOMICS-I

Time: 2 hours

Max. Marks: 40

Instructions to students:

1. Do not write anything other than your roll number on question paper.
2. Attempt any four questions from Q. No. 1 to Q. No. 5 and Q. No. 6 is compulsory.

Q. 1 A) How can elasticity of demand be applied to real-life situations to guide the decisions of producers, consumers, and the government? 4+4
Marks
(CO1, 4)

 B) Melisa buys an iPod for \$100 and gets consumer surplus of \$80.

- a) What is her willingness to pay?
- b) If she had bought the iPod on the sale of \$70, What would her consumer surplus have been?
- c) If the price of an iPod were \$200, what would her consumer surplus have been?

Q. 2 The River Pollution Dilemma: 8 Marks
(CO3)
A paper mill discharges waste into a nearby river used by farmers for irrigation.

- a) Identify the type of externality.
- b) Draw a diagram showing private and social costs.
- c) Suggest one government policy and one market-based solution to address the issue

Q. 3 Given the following data for a firm's short-run production: 8 Marks
(CO4)

Units of Labour (L)	Total Product (TP)
0	0
1	10
2	25
3	45
4	60
5	70
6	75

- a) Compute the Average Product (AP) and Marginal Product (MP) for each level of labour.

- b) Plot the TP, AP, and MP curves on a graph with appropriate scales.
- c) Using the plotted curves, identify and label the stages of production according to the Law of Variable.
- d) Comment on which stage is considered rational for production and why.

- Q. 4 A) A startup produces eco-friendly water bottles. The initial setup cost is ₹2,00,000. Each bottle sells for ₹250, and the variable cost per bottle is ₹150. The marketing manager wants to know how many bottles must be sold to: 4+4
Marks
(CO4, 6)
- a) Break even.
 - b) Earn a profit of ₹1,00,000.
 - c) If demand forecasts suggest sales of ₹2,800 bottles per month, should the firm proceed with production? Support your answer with calculations.

B) What are the main criteria for decision-making under risk and uncertainty?

- Q. 5 How would you explain and graphically illustrate the following: 4+4
Marks
(CO4)
- A) Total Fixed Cost and Total Variable Cost and, significance of the difference between these two in business decision making process.
 - B) Average Cost and Marginal Cost and the relationship between these two.

- Q. 6 A) Discuss and illustrate the features of monopolistic market. Graphically present the profit, normal profit and loss situation in the price and output determination of a firm in the monopolistic market. 8 Marks
(CO5)
- OR
- B) Discuss and illustrate the features of oligopoly market. Explain graphically the Sweezy's Model of the Kinked Demand Curve of an Oligopoly Market.

all the best!