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**MANIPAL UNIVERSITY**  
**DUBAI CAMPUS**

**BACHELOR OF BUSINESS ADMINISTRATION (BBA) – I SEMESTER DEGREE**  
**EXAMINATION – JANUARY 2010**

**SUBJECT: PRINCIPLES OF MICRO-ECONOMICS (ECN-101 )**

**Tuesday, January 12, 2010**

**Time: 9.00 to 12.00 Hrs.**

**Max. Marks: 100**

**Answer any FIVE of the following questions. All questions carry equal marks**

1. Explain the five key principles of economics in detail.
- 2.a) The U.S. supply of frozen orange juice comes from Florida and Brazil. What is the effect of a freeze that damages oranges in Florida on the price of frozen orange juice in U.S. and on the quantities of orange juice sold by Floridian and Brazilian firms?(10)
- 2 b) In 1999, after nearly 20 years of rent control in Berkeley, California, the elimination of the law led to an estimated rise in rents of nearly 40%. Using supply and demand models, illustrate how the law and then its elimination affected the rental housing market. Discuss the effects on the equilibrium rental price and the quantity of housing rented. (10)
3. Explain consumer's equilibrium using indifference curve analysis.
4. Discuss price effect and quantity effect and explain how the total revenue changes with a change in price under different elasticity conditions
5. Discuss the features of perfect competition. Explain why a firm may remain in the industry in the short run even when it is running into a loss.
6. Define price discrimination. Explain with the help of examples the conditions under which the firm is able to do price discrimination.

7. Write short notes on the following: -

(5\*4)

- a) Economies of scale
  - b) Diseconomies of scale
  - c) Explicit cost
  - d) Monopolistic competition
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