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**MANIPAL UNIVERSITY
DUBAI CAMPUS**

FIRST SEMESTER B.B.A. DEGREE EXAMINATION – JANUARY 2008

SUBJECT: PRINCIPLES OF MICRO – ECONOMICS (ECN 101)

Monday, January 07, 2008

Time: 3 Hrs.

Max. Marks: 100

Answer any *FIVE* of the following questions.

1. Explain the five key principles of economics in detail. (20)
2. a) Explain the law of demand. (2+6+8+4)
b) What are the determinants of demand?
c) What happens to the demand curve when each of these determinants changes?
d) Distinguish between a change in demand and a change in the quantity demanded, noting the cause(s) of each.
3. Explain consumer's equilibrium using indifference curve analysis. (20)
4. Explain why a firm may remain in the industry in the short run even if it's making a loss. Illustrate it with the help of a case study. (15+5)
5. Explain the different concepts of elasticity of demand. (20)
6. Distinguish between perfect competition and monopoly. (20)
7. Write short notes on the following: - (4*5)
 - a) Explicit cost
 - b) Relationship between marginal cost and average cost
 - c) Implicit cost
 - d) Principle of diminishing returns

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