Daffodil International University
Faculty of Business and Entrepreneurship
Department of Business Administration
Program: BBA

Semester: Spring-2025 **Examination: Final**
Time: 120 minutes **Full Marks: 40**

Course Title: Microeconomics
Course Code: 0311-212
Teachers' Initial: DSMR, SKH, MRI2

Answer all the following questions:

1. a. Illustrate why is price elasticity of demand important for business decision-making? Identify the factors determine whether a product is price elastic or inelastic? (CLO 2, Level 3) **[7]**
   b. Monica purchases 75 liters oil per month. But price of oil rises from $3 to $5 that reduces consumption to 25 liters. Calculate the price elasticity of demand for Monica for this price change and interpret your result? (CLO 2, Level 3) **[3]**

2. a. Distinguish between total utility and marginal utility. (CLO 3, Level 4**) [4]**
   b. Explain the law of diminishing marginal utility with graph. (CLO 3, Level 4) **[6]**

3. a. A popular coffee chain lowers its prices. Examine the impact will this likely have on the market demand and the response of competitors? (CLO 3, Level 4) [**4**]
   b. Analyze the consequences of excess supply (surplus) and excess demand (shortage) in the market? (CLO 3, Level 4) [**6**]

4. a. Compare and Contrast between perfect competition and monopoly market. (CLO 1, Level 2) [**6**]
   b. Explain why do firms in monopolistic competition spend more on advertising and product differentiation? (CLO 1, Level 2) [**4**]