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

Semester: Summer-2025 — **Examination: Midterm**
Time: 90 minutes — **Full Marks: 25**

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

1. 'Human wants are unlimited but resources are limited' – Explain with some examples how an economy is meeting this gap by alternative uses of scarce resources. 5 [CLO 1, Level 2]

2. Suppose a hypothetical country 'Fairyland' can produce following combinations of coffee and tea using all its scarce resources efficiently. The figures are in units.

-	Coffee	Tea
A	100	0
B	80	25
C	60	45
D	0	105

a. Construct a well-labeled PPF diagram for 'Fairyland', with *coffee* on the X-axis, and *tea* on the Y-axis showing production combinations A, B, C, D on PPF. 2 [CLO 2, Level 3]

b. What would happen if the country moves from B to C without changing existing technology? If the country adopts a new farming technology that doubles coffee production without affecting the production of tea then how this change would be reflected on the Production Possibility Frontier (PPF)? 3 [CLO 2, Level 3]

3. a. Identify the reasons for movement along the demand curve and the key factors that cause a shift in the demand curve? 3 [CLO 2, Level 3]
b. Due to a drought, the production of wheat falls- Develop the effect on the supply curve, and predict changes in the wheat market. 2 [CLO 2, Level 3]

4. The market demand and supply functions for cooking oil in Bangladesh are estimated as follows 10 [CLO 3, Level 4]

$$D = 1320 - 6P,$$
$$S = -480 + 3P$$

a. Analyze the situation with the equilibrium price and equilibrium quantity of cooking oil with a clearly labeled diagram.

b. If the price of Oil is BDT 300.00 what happens in this market for business people?

c. If the price of oil is BDT 100.00 what happens in this market for consumers?

OR

The table sets out the demand and supply schedule for cooking oil in Bangladesh. Identify the following situations

Price (dollar per unit)	Quantity demanded	Quantity supplied
100	200	90
150	160	100
200	120	120
250	100	210
300	80	220

a. Analyze the situation with equilibrium price and equilibrium quantity of cooking oil?

b. If the price of Oil is BDT 300.00 what happens in this market for business people?

c. If the price of oil is BDT 100.00 what happens in this market for consumers?