Roll No: ……………

# UPES

# UNIVERSITY OF PETROLEUM & ENERGY STUDIES
## DEHRADUN
### End semester Examination -December 2019

Program: MBA-OG                                               Semester     : I
Course   : Economics and Management Decisions                 Max. Marks    : 100
Code     : MBCA 701                                           Duration      : 3 Hrs
No. of page/s:2

**Instructions:**
1. **Read questions carefully before setting out to answer them**
2. **For questions having multiple parts in them; intelligently assign marks for the sub parts considering their importance.**

| Section – A | Cos that the Questions address |
|---|---|
| Answer the following questions. Each question carries 2 marks | |
| 1.  Explain the law of demand and importance of price effect and income effect | 1 |
| 2.  List leakages and injections to the circular flow of economic activity | 1 |
| 3.  Distinguish between implicit costs and explicit costs | 1 |
| 4.  List the characteristic features of perfectly competitive market structure | 1,5 |
| 5.  Explain with a numerical example why P=D=MR=AR in perfectly competitive markets | 1,5 |
| 6.  With help of graph show the shut-down point and its importance | 1,4 |
| 7.  Distinguish between opportunity costs and incremental costs | 1 |
| 8.  Define short run and long run | 1 |
| 9.  Define economies of scale and scope. | 1 |
| 10. Define an isoquant curve | 1 |
| | |
| | |
| Section – B | |
| Answer any Four of the following questions. Each question carries 5 marks | |
| 1.  Analyze the cost side/supply side versus the demand side of managing a firm for profits | 1,4 |
| 2.  Show how the short run cost curves are derived from the production schedule | 1,4 |
| 3.  Explain the concept of income elasticity of demand | 1,3 |
| 4.  Explain with suitable diagram break even analysis with nonlinear TR and TC | 1,4 |
| 5.  Explain the law of variable proportions with a production schedule | 1,4 |

| Section – C | |
|---|---|
| Answer any two of the following questions. Each question carries 15 marks | |
| 1. Diagrammatically explain the circular flow of economy and also explain the role of Banks and State and the injections and leakages they cause | 1,6 |
| 2. Explain with suitable diagrams the price and out-put determination under monopolistic competitive market structure | 1,5 |
| 3. Explain the general equilibrium analysis of shifts in supply and demand curves | 1,2 |
| **Section – D** | |
| Answer the following questions followed by the problem. Your answer to these questions will be evaluated for 30 marks | |
| A pen manufacturing firm earns a total revenue of Rs 25,400 selling 1,450 pens. At this output, it is incurring a total variable cost of Rs. 7,860 and average cost of Rs, 8.10 per unit per pen. The production facility of this unit is producing 74 pens per week. Given this information, find: | |
| a) How many pens should this firm produce to break even? | 1,2,4 |
| b) How many weeks it would take for the firm to break even? | 1,2,4 |
| c) To earn profits of 25,000, 35,000, 45,000 and 50,000 how many pens should this firm be producing and how many weeks would it take the firm to achieve these profit rates. | 1,2,4 |