UNIVERSITY OF PETROLEUM & ENERGY STUDIES
End Semester Examination (Online) – July, 2020

Program: BBAAO **Semester : II**
Subject/Course: Business Economic I **Max. Marks: 100**
Course Code: ECON1001 **Duration : 3 Hours**

IMPORTANT INSTRUCTIONS

1. *The student must write his/her name and enrollment no. in the space designated above.*
2. *The questions have to be answered in this MS Word document.*
3. *After attempting the questions in this document, the student has to upload this MS Word document on Blackboard.*

	Section A Attempt any 3 questions	Marks	Cos
Q1.	How is concept of 'rationality' applicable to economic decisions that we make during day today life? Explain with examples. Are human beings always rational? Give reasons for your answer while relating/mentioning it with concepts in business economics.	12 + 8 = 20	CO4
Q2.	Define Indifference curve and state properties of indifference curve. Mention the reason for convexity of indifference curve. Which two conditions does this concept states for attaining equilibrium?	4+8+4+4= 20	CO1
Q3.	State difference between micro and macroeconomics as clearly as possible. How has definition of economics evolved over a period of time?	12+8= 20	CO1, 4
Q4.	Perfect competition market structure has perfect degree of competition or absolutely no competition" Explain the statement stating characteristics of structure as clearly as possible. Is there any example of the same in real world? Why do we study this structure?	12+4+4= 20	CO2,4
Q5.	Explain the relationship between Production and Cost Function? Till what point does a rational producer continues production in short run and why? State two conditions for production equilibrium in long run.	8+6+6= 20	CO1
	Section B This section is compulsory. Attempt both questions		
Q6.	SpaceX, Blue Origin, Virgin Galactic, Bigelow Aerospace are a few companies targeting for space tourism market in the coming decade. a. Under which market structure are these firms operating? Why you classify them under the given structure of market.	4 +4 = 8	CO3,4

	b. How does a firm determine Price and Quantity under this structure? Explain diagrammatically. c. What kind of profits will a firm have in (i) short run & (ii) long run? Explain in the same diagram drawn above in part (b).	6 3 + 3 =6	
Q7.	Define 'Selling cost' and differentiate between 'Production cost' and 'Selling Cost' with help of relevant examples. Considering a product and its close substitutes; discuss how crucial an advertisement campaign is to Sales manager in selling the product having distinctly different features from its close substitutes. Does it have same criticality for the consumer or just an eye wash?	8+6+6 = 20	CO1,4