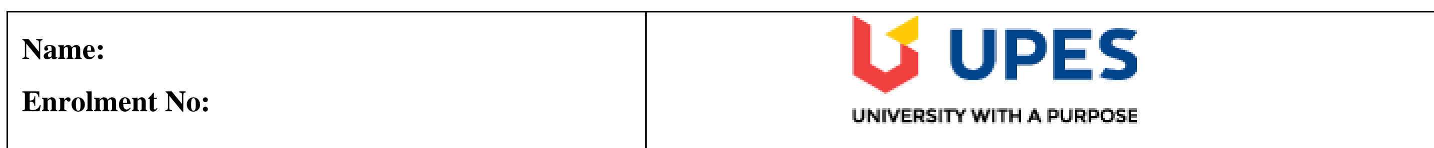

Name:

Enrolment No:

UNIVERSITY OF PETROLEUM AND ENERGY STUDIES
End Semester Examination, May, 2021 (ONLINE MODE)

Course: Business Economics-I — **Semester: II**
Program: BA LLB (Hons.) — **Time : 3 hrs**
Course Code: CLNL 1014 — **Max. Marks: 100**

Instructions:

1. *The student must write his/her name and enrolment no. in the space designated above.*
2. *The questions have to be answered as per the instructions given in the respective sections.*

SECTION –A

1. **Each Question will carry 5 Marks**
2. **Instruction: Select the correct answer(s)**

S. No.		CO
Q1	What is point of inflexion in Law of Variable proportions 1. the point at which law of decreasing returns begins 2. the point at which TP starts rising at decreasing rate 3. the point at which MP starts falling 4. All of the above	**CO1**
Q2	Which of the following is not a determinant of a consumer's demand for a commodity? 1. Income 2. Population 3. Prices of related goods 4. Tastes	**CO1**
Q3	If the firm wants to reduce the quantity of capital that it uses in production. it must increase the quantity of labor in order to remain on the same isoquant, is explained by 1. Expansion path 2. Ridge Lines 3. Marginal Rate of Technical Substitution 4. Isoquants	**CO1**
Q4	In case of decreasing returns; TP, AP and MP 1. TP starts rising at a increasing rate and MP starts rising 2. TP starts rising at a decreasing rate and MP starts falling 3. TP starts rising at a constant rate and MP starts falling 4. TP starts rising at a constant rate and MP becomes constant	**CO1**
Q5	Which option of the following does not belong to the concept of Opportunity Cost? 1. Next Best Alternative Forgone 2. Factor of production has alternative uses 3. It is also the marginal cost 4. Opportunity cost is the short run cost	**CO1**
Q6	When output is zero then 1. Fixed cost will not be zero and variable cost will be zero 2. Fixed cost will be zero and variable cost will not be zero 3. Fixed Cost will not start from origin and variable cost will start from origin 4. 4. Option ‘1’ and ‘3’ both	**CO1**

SECTION –B		
S. No.	**1. Each question will carry 10 marks** **2. Instruction: Write short / brief notes**	**CO**
Q1	What is the relationship between the total revenue of a firm and the price elasticity of demand for a price increase along a linear demand curve? Explain the reason for relationship.	**CO2**
Q2	Explore the relationship between the marginal product and the average product curves of a variable input.	**CO3**
Q3	Why is the long run average cost curve usually called planning curve? (with suitable diagram)	**CO3**
Q4	How a consumer attains equilibrium under Ordinal Utility analysis? Discuss. (with suitable diagram)	**CO1**
Q5	Explain how perfectly competitive market is more socially desirable in comparison to monopoly market. (with suitable diagram)	**CO3**
	SECTION –C **1. Each question will carry 20 marks** **2. Instruction: Write Long Answer**	
	(a) A firm is manufacturing shoes. The fixed cost of production is Rs 1,92,000 p.a. The variable cost is Rs 100 per pair, while the sale price is Rs. 200 per pair. The company is required to give a commission of 10% on sale price to the retailer. Find the number of shoe pairs that the firm must manufacture and sell per month, if it has to avoid losses. (b) Give a graphic presentation of break-even point. How is this concept useful in business decision making? **OR** The ABC Books Ltd. is a publisher of Fiction novels. The corporation hires an economist to determine the demand for its product. After months of hard work and submission of an exorbitant bill, the analyst tells the company the demand for the firm's novels (Q_X) is given by the following equation : $Q_X = 12{,}000 - 5{,}000\, P_X + 5\, I + 5000\, P_C$ Where, P_X is the price charged for the ABC Books novels, I is income per capita, and P_C is the price of books from competing publishers. The initial values of P_X, I and P_C are Rs. 5, Rs. 10000 and Rs. 6 respectively. Using this information, answer the following questions : a) Calculate the values of sales in the initial period. b) Determine what effect a price increase would have on total revenues. c) Evaluate how sale of the novels would change during a period of rising incomes. d) Assess the probable impact if competing publishers raise their prices.	**CO5**