

Name:			
Enrolment No:			
UNIVERSITY OF PETROLEUM AND ENERGY STUDIES End Semester Examination, December 2019			
Course: Business Economics-I Program: BBA (AM) Course code: ECON1001 Instructions: Do as directed		Semester: I Time: 03 Hours Max. Marks: 100	
SECTION A (20 Marks)			
		Marks	CO
Q1.	Write the correct answer		
i.	Which of the following is father of economics? (a) J.M. Keynes (b) Adam Smith (c) Amartya Sen (d) Alferd Marshal	[2]	CO1
ii.	Who said economics is the science of wealth (a) J.M. Keynes (b) Adam Smith (c) Amartya Sen (d) Alferd Marshal	[2]	CO1
iii.	Elasticity of demand measures: (a) %age change in quantity demanded due %age change in output (b) %age change in output due to %age change in price (c) %age change in quantity demanded due to %age change in Price, Income and price of related good. (d) All of the above.	[2]	CO1
iv.	If 25% change in income brings 20% change in quantity demanded of good, then the good is said to be: (a) Normal good (b) Inferior good (c) Luxury good (d) superior good	[2]	CO1
v.	A fall in the price of a commodity, holding everything else constant, results in and is referred to as (a) an increase in demand (b) a decrease in demand (c) an increase in the quantity demanded (d) a decrease in the quantity demanded.	[2]	CO1

vi.	Monopoly is a market form where: (a) Entry is free, exit is restricted (b) Both entry and exit is free (c) Both entry and exit is restricted (d) Both (a) and (b)	[2]	CO1										
vii.	A monopolist charges higher price than perfectly complete firm because under monopoly: (a) $MR > AR$ (b) $P > MC$ (c) $P = MC$ (d) $P > MR$	[2]	CO1										
viii.	Homogenous Product is feature of : (a) Monopoly (b) Monopolistic Competition (c) Duopoly (d) Perfect Competition	[2]	CO1										
ix.	Indian Railways is an example of : (a) Monopolistic Competition (b) Duopoly (c) Monopoly (d) Monopsony	[2]	CO1										
x.	Factors of production are mobile under : (a) Monopoly (b) Duopoly (c) Perfect Competition (d) Monopolistic Competition	[2]	CO1										
SECTION B (20 Marks)													
Q2.	State and explain law of demand with diagram	[4]	CO1										
Q3.	What do you mean by an Indifference Curve? Explain its properties	[4]	CO2										
Q4.	Write the difference between an Indifference and Isoquant	[4]	CO1										
Q5.	Explain the scarcity definition of economics. Do you think that this definition is an improvement over wealth and welfare definition of economics?	[4]	CO5										
Q6.	Explain producer's equilibrium using isoquant and iso-cost line	[4]	CO2										
SECTION-C (30 Marks)													
Q 7.	Explain various types of price elasticity of demand with diagrams.	[10]	CO3,4										
Q8.	Do you think that market for cars is different from market for agricultural commodities? Why/Why not?	[10]	CO3,4										
Q9.	Calculate price elasticity from the following	[10]	CO5										
	<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr> <td style="padding: 2px;">Price (Rs.)</td> <td style="padding: 2px;">8</td> <td style="padding: 2px;">7</td> <td style="padding: 2px;">6</td> <td style="padding: 2px;">5</td> <td style="padding: 2px;">4</td> <td style="padding: 2px;">3</td> <td style="padding: 2px;">2</td> <td style="padding: 2px;">1</td> <td style="padding: 2px;">0</td> </tr> </table>	Price (Rs.)	8	7	6	5	4	3	2	1	0		
Price (Rs.)	8	7	6	5	4	3	2	1	0				

	Quantity (1b)	0	100	200	300	400	500	600	700	800			
SECTION-D (30 Marks)													
Q10.	Consider a hypothetical firm whose output and cost structure is given in the following table. Calculate Total Cost, Average Variable Cost, Average Fixed Cost, Average Total Cost and Marginal Cost. Also graph and comment on the shape of these curves.											[15]	CO5
	Output		Total Fixed Cost					Total Variable Cost					
	0		100					0					
	1		100					30					
	2		100					40					
	3		100					45					
	4		100					55					
	5		100					75					
	6		100					120					
	7		100					145					
Q11.	Calculate income elasticity from the following and comment on the nature of the good whether it's a necessity, luxury or an inferior good.											[15]	CO5
	Income (Rs./year)	2,000	3,000	4,000	5,000	6,000	7,000	8,000	9,000				
	Quantity (1b/year)	50	100	150	175	190	195	175	125				