UNIVERSITY OF PETROLEUM & ENERGY STUDIES
End Semester Examination (Online) – January, 2021

Program: BBBA FT & OG **Semester: I**
Subject/Course: Business Economics 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.*
4. ***Student can draw the diagram by hand (wherever required)and then attach it with the answer.***

	Section A Attempt any 3 questions	Marks	Cos

1	Slope of AR curve in monopoly market structure is
	  a. Equal to slope of MR
	  b. Twice the slope of MR
	  c. Thrice the slope of MR
	  d. Half the slope of MR
		10	CO1

2	A perfectly competitive firm will shut down if
	  a. AVC < AR
	  b. AVC> AR
	  c. AVC = MC
	  d. AVC<MC
		10	CO1

3	Economies of scale emanate from
	  a. Learning by doing
	  b. Production of two different products jointly
	  c. Production of two complementary products separately
	  d. Production in bulk
		10	CO1

4	In order to stay on the same convex indifference curve, the consumer must
	  a. Reveal preference for any one of the commodities
	  b. Have equal units of both commodities
	  c. Have more units of one commodity to have more units of the other commodity
	  d. Give up units of one commodity to have more units of the other commodity
		10	CO1

5	Elasticity of products under monopolistic competition is
	  a. Equal to one
	  b. Less than one
	  c. Equal to zero
		10	CO1

	d. More than one		
6	If a 12% fall in price of burgers leads to a 3% increase in the quantity demanded for burgers, then E_p would be a. -1.25 b. -4 c. -0.25 d. -0.5	10	CO1
	Section B		
Q1.	State clearly the difference between Perfect Competition & Monopoly market structure. Are these market structures possible in real world? Explain with an example and building the argument on that.	7+3= 10	CO 3

Complete the following table on the basis of figures given below:

Output	Total cost	Total fixed cost	Total variable cost	Average fixed cost	Average variable cost	Average cost	Marginal Cost
0							
1	200		100				100
2	200				95		
3						123	
4						110	71
5			420	20	84		80
6						103.8	
7	751					107	128
8			801				
9	1098		998				197
10				10	123.2		

(Q2. — 10 — CO2)

Q3.	State the difference between Microeconomics and Macroeconomics as clearly as possible.	10	CO1
Q4.	How does producer attain equilibrium? What are the two necessary conditions for attaining the equilibrium? Explain with the help of diagram.	10	CO 3
Q5.	Explain the determinants of elasticity. On the basis of elasticity concept, define 'superior' and 'inferior' goods.	10	CO4
	Section C		
Q1.	State the distinct characteristics of Monopolistic Competition. While explaining. While explain the market structure with example of a product, highlight the relevance of 'selling cost' from the perspective of Producer and Consumer.	20	CO4 CO4