| Name: <br> Enrolment No: | |
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**UNIVERSITY OF PETROLEUM AND ENERGY STUDIES**
**End Semester Examination, December 2022**

**Course: Business Economics-I** — **Semester: I**
**Program: BBA** — **Time : 3 Hours**
**Course Code: ECON1001** — **Max. Marks: 100**
**Instructions:**

**SECTION A**

| Q. No. | Attempt all questions | Marks | CO |
|---|---|---|---|
| 1 | Uniform Price for homogeneous product at any one time is the essential condition of-<br>**A.** Monopolistic competition<br>**B.** Oligopoly<br>**C.** Perfect competition<br>**D.** Duopoly | **2** | **CO1** |
| 2 | MC = MR = AR means equilibrium position of a firm<br>**A.** In the long period<br>**B.** In the short period under imperfect competition<br>**C.** In the short period under perfect competition<br>**D.** Under perfect competition | **2** | **CO1** |
| 3 | Microeconomics deal with-<br>**A.** Inflation in the country<br>**B.** The economic behavior of an individual unit<br>**C.** The per capita income<br>**D.** The problems of poverty and unemployment in the country | **2** | **CO1** |
| 4 | Marginal cost is defined as:<br>**A.** The change in total cost due to a one unit change in output.<br>**B.** Total cost divided by output.<br>**C.** The change in output due to a one unit change in an input.<br>**D.** total product divided by the quantity of input | **2** | **CO1** |
| 5 | When a firm is producing 20 units, its ATC is Rs. 40 and AVC Rs. 37. The total fixed cost (TFC) of the firm is<br>**A.** Rs. 40<br>**B.** Rs. 60<br>**C.** Rs. 80<br>**D.** Rs. 100 | **2** | **CO1** |
| 6 | MRSxy = Px/Py where-<br>**A.** Consumer is in equilibrium<br>**B.** Consumer is not in equilibrium<br>**C.** Producer is in equilibrium<br>**D.** None of the above | **2** | **CO1** |

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| 7 | Which of the following is a property of the indifference curve?<br>A. Indifference curves are convex to the origin<br>B. Indifference curves slope downwards from left to right<br>C. No two indifference curves can cut each other<br>D. All of the above are the properties of Indifference curves. | **2** | **CO1** |
| 8 | The structure of the cold drink industry in India is best described as:<br>A. Perfectly competitive<br>B. Monopolistic<br>C. Oligopolistic<br>D. Monopolistically competitive | **2** | **CO1** |
| 9 | A perfectly competitive firm has control over<br>A. price<br>B. production as well as price<br>C. production, price and consumers<br>D. none of the above | **2** | **CO1** |
| 10 | If the total cost of manufacturing commodity ‘X’ is Rs.1,50,000. Out of this implicit cost is Rs. 80,000 what will be explicit cost:<br>A. Rs. 95,000<br>B. Rs.1,25,000<br>C. Rs.80,000<br>D. Rs.70,000 | **2** | **CO1** |

**SECTION B**

| Q. No. | **Write short note on given following concepts of Business Economics** | **Marks** | **CO** |
|---|---|---|---|
| 1 | Explicit cost and implicit cost | 5 | CO2 |
| 2 | Ceiling price and Floor Price | 5 | CO2 |
| 3 | Firm equilibrium | 5 | CO2 |
| 4 | Marginal rate of Substitution of X for Y ($MRS_{XY}$) | 5 | CO2 |

**SECTION C**

| Q. No. | **Briefly explain about following given questions.** | **Marks** | **CO** |
|---|---|---|---|
| 1 | Critically examine law of Returns to scale. Illustrate your answer with help of diagram. | 10 | CO3 |
| 2 | Explain the producer’s Equilibrium with the help of Iso- quant and Iso-Cost curve .Illustrate your answer graphically. | 10 | CO3 |
| 3 | What is Price elasticity of Demand and promotional elasticity of demand? Explain different degrees of price elasticity of demand. Illustrate your answer with the help of Diagram. | 10 | CO3 |

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| | ***Or*** <br><br> Explain the relationship between price elasticity of demand and total revenue of a firm. | | |
| | **SECTION D** | | |
| Q. No | **Attempt all questions.** | **Marks** | **CO** |
| 1 | Total Cost function of a producer is given as $C = 868 + 47Q + .5Q^2$. Find the TFC, TVC, TC, AFC, AVC and MC to Produce 12 units of output. (Where C =Total Cost and Q = Output. | 15 | CO4 |
| 2 | Explain the price & output determination under the condition of perfect competition in the Short Run & in the Long Run. Illustrate your answer graphically. | 15 | CO4 |