

Name:

Enrolment No:



UNIVERSITY OF PETROLEUM AND ENERGY STUDIES
End Semester Examination, December 2018

Course: Business Economics Micro (I)

Programme: BBA LM

Time: 03 hrs.

Instructions:

- 1. Do all questions in Section A.**
- 2. Any two questions from Section B.**
- 3. Any two questions from Section C.**
- 4. Any two questions from Section D.**

Semester: I

Course code : ECON1001

Max. Marks: 100

SECTION A

| S. No. | | Marks | CO |
|--------|-----------------------------|-------|-----|
| Q 1 | Define the following terms: | 2*5 | 1,2 |
| 1. | Free goods. | | |
| 2. | Oligopoly. | | |
| 3. | Opportunity cost. | | |
| 4. | Supply schedule | | |
| 5. | Inferior goods. | | |

SECTION B

| | | | |
|-----|---|------|---|
| Q 2 | Short answer questions: (attempt any two) | 2*10 | |
| 1. | Draw: i) Perfectly elastic demand curve ii) Unitary elastic demand curve | | 2 |
| 2. | Define production function. Discuss two criticisms of the law of variable proportions. | | |
| 3. | “Under the perfect competitive market, the seller is the price taker, and under monopoly and monopolistic competition he is the price maker,” Explain. | | |
| 4. | Show, with the help of the diagrams, the effect of the following changes on the equilibrium price: i) When the demand of a commodity alone rises ii) When the supply of the commodity alone rises | | |

SECTION-C

| | | | |
|------|--|------|-----|
| Q 3. | Descriptive type Analytical Question: Attempt any two questions. | 2*10 | 1,2 |
| 1. | What is the relationship between average cost and marginal cost? Explain with the help of suitable diagrams. | | |

| | | | | | |
|----|---|------------------|------------------|--|--|
| 2. | Identify the market form of the two sellers of goods A and B, given the following information. Give reasons for your answer. | | | | |
| | Output sold (units) | Price of A (Rs.) | Price of B (Rs.) | | |
| | 10 | 5 | 5 | | |
| | 20 | 5 | 4 | | |
| | 30 | 5 | 3 | | |
| 3. | Why does supply curve slope upward to the right? | | | | |
| 4. | Calculate the quantity demanded of a commodity when the price increases from Rs. 4 to Rs. 6. The original quantity demanded was 40 units and the elasticity of demand is 0.5. | | | | |

SECTION-D

| | | | |
|-----|--|-------------|------------|
| Q4. | Long Type Questions. (Attempt any two questions). | 25*2 | 3,4 |
| 1. | Discuss how short run equilibrium is attained by a perfectly competitive firm under a situation of the firm incurring losses. | | |
| 2. | If more variable factors are employed with fixed factors, the total product increases at increasing rate and finally it falls'. Explain the three stages of the law with the help of TP, AP, and MP curves. | | |
| 3. | <p>Indian Railways (IR) is the state-owned railway company of India. Till date Indian Railways held a monopoly on the country's rail transport. It is one of the largest and busiest rail networks in the world, transporting just over six billion passengers and almost 750 million tonnes of freight annually. IR is the world's largest commercial or utility employer, with more than 1.6 million employees.</p> <p>The railways traverse through the length and width of the country; the routes cover a total length of 63,940 km (39,230 miles). As of 2005 IR owns a total of 216,717 wagons, 39,936 coaches and 7,339 locomotives and runs a total of 14,244 trains daily, including about 8,002 passenger trains.</p> <p>Railways were first introduced to India in 1853. By 1947, the year of India's independence, there were forty-two rail systems. In 1951 the systems were nationalised as one unit, becoming one of the largest networks in the world. Indian Railways operates both long distance and suburban rail systems.</p> <p>Answer the questions related to above reading:</p> <p>i) How do we experience monopoly in Indian Railways? ii) How is monopoly different from monopsony?</p> | | |