

<b>Name:</b>	
<b>Enrolment No:</b>	

**UNIVERSITY OF PETROLEUM AND ENERGY STUDIES**  
**End-Term Examination, January-2021**

<b>Course: Business Economics-I</b> <b>Program: BBA ABD</b> <b>Course code: ECON1001</b>	<b>Semester: I</b> <b>Time: 3 Hours</b> <b>Max. Marks: 100</b>
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**SECTION A**

<b>Note: Answer all the questions below</b>		<b>Marks</b>	<b>CO</b>
Q 1	The marginal revenue (MR) curve of a perfectly competitive firm <b>A.</b> is horizontal at the market price <b>B.</b> lies below the firm’s demand curve <b>C.</b> increases at increasing rate as output expands <b>D.</b> is downward sloping as price must be reduced to sell more output	5	CO2
Q 2	Which of the following short run costs continues to decrease as output increases <b>A.</b> Average variable cost <b>B.</b> Average fixed cost <b>C.</b> Marginal cost <b>D.</b> Average cost	5	CO2
Q 3	Which of the following statements is correct? <b>A.</b> in a perfectly competitive market, firms are price takers. <b>B.</b> Microeconomics is the study of the behavior of the economy as a whole. <b>C.</b> Positive economics focuses on welfare of the people of a society <b>D.</b> None of the above	5	CO1
Q 4	Under the perfect competition a firm will be in Equilibrium when : <b>A.</b> MC = MR <b>B.</b> MC cuts the MR from below <b>C.</b> MC is rising when it cuts the MR <b>D.</b> All of the above	5	CO2
Q.5	The marginal cost curve intersects the average cost curve when average cost is:  <b>A.</b> Maximum <b>B.</b> Minimum <b>C.</b> Raising <b>D.</b> Falling	5	CO1
Q.6	Which of the following is an example of an “explicit cost”?  <b>A.</b> The wages a proprietor could have made by working as an employee of a large firm <b>B.</b> The income that could have been earned in alternative uses by the resources owned by the firm <b>C.</b> The payment of wages by the firm <b>D.</b> The normal profit earned by a firm	5	CO1

**SECTION B**

<b>Note: Answer all the questions below</b>		<b>Marks</b>	<b>CO</b>
Q 1	Using the Isoquant and Iso-cost analysis, explain how a producer can achieve the equilibrium level.	10	CO3
Q 2	Explain each of the following concepts with the help of a diagram. A. Consumer Surplus B. Producer Surplus	10	CO3
Q 3	Compare the Firm equilibrium under perfectly competitive firm with a monopoly firm by using appropriate diagrams.	10	CO3
Q 4	What is movement of demand & Shifting in supply? Briefly explain Extension & Contraction of Demand and increasing and Decreasing in supply. Illustrate your answer by diagram.	10	CO4
Q 5	Draw a diagram to shows how the market price is determined by the interaction of demand and supply.	10	CO2

**SECTION-C**

Q 1	What is mean by production function? Distinguish between short run production function & Long run production function. Explain law of return to variable factor & law of returns to scale. Illustrate your answer graphically.  Or  Define the elasticity of demand. Distinguish between price elasticity, income elasticity & Cross elasticity of demand. Discuss the methods of measurement of elasticity of demand.	20	CO4
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