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UNIVERSITY OF PETROLEUM AND ENERGY STUDIES

End Term Examination, Dec 2019

Program: BBA-OGM | **Semester : I**
Course: Business Economics-I | **Max. Marks : 100**
Course Code: ECON 1001 | **Duration : 3 Hrs.**
No. of page/s: 4

Section-A

All the questions are compulsory in this section. [10*2 = 20]

No.	Questions	COs
1.	Microeconomics deals primarily with- (a) comparative statics, general equilibrium, and positive economics, (b) comparative statics, partial equilibrium, and normative economics, (c) dynamics, partial equilibrium, and positive economics, or (d) comparative statics, partial equilibrium, and positive economics.	CO1
2.	If the supply curve of a commodity is positively sloped, a rise in the price of the commodity, ceteris paribus, result in- (a) an increase in supply, (b) an increase in the quantity supplied, (c) a decrease in supply, or (d) a decrease in the quantity supplied.	CO1, CO2
3.	A consumer who is below the personal budget line (rather than on it)- (a) is not spending all personal income, (b) is spending all personal income, (c) may or may not be spending all personal income, or (d) is in equilibrium.	CO1, CO2
4.	When TP falls- (a) the AP_{labour} is zero, (b) the MP_{labour} is zero, (c) the AP_{labour} is zero, or (d) the AP_{labour} is declining. (d) zero.	CO1

5.	If the $MRTS_{LK}$ equals 2, then the MP_K/MP_L is- **(a)** 2, (b) 1, (c) 1/2, or (d) 4.	CO1, CO2
6.	The cost that a firm incurs in purchasing any factor of production is referred to as- **(a)** explicit cost, (b) implicit cost, (c) variable cost, or (d) fixed cost.	CO1, CO2
7.	All the following curves are U-shaped except- (a) the AVC curves, (b) the AFC curves, (c) the AC curves, or (d) the MC curves.	CO1, CO2
8.	If the LAC curve falls as output expands, this is due to- (a) economies of scale, (b) the law of diminishing returns, (c) diseconomies of scale, or (d) none of the above.	CO1, CO2
9.	At the optimum level of output for the monopolist (a) MR=SMC. (b) P=SMC. (c) P=lowest SAC. (d) P is the highest.	CO1, CO2, CO3
10.	$MRTS_{LK} = \frac{P_L}{P_K}$ *where* (a) Consumer is in equilibrium. (b) Consumer is not in equilibrium. (c) Producer is in equilibrium. (d) None of the above.	CO1, CO2

Section-B **[4*5 = 20]**

Attempt all the questions.

No.	**Questions**	**COs**
11.	Distinguish between perfect and pure competitive market.	CO1, CO2
12.	Given a consumer's money income (M), price of the commodity Y (p_y), and price of the commodity X (p_x), find the following: (i) indicate the quantity of Y the consumer could purchase if he/she spent all of his/her income on Y, (ii) indicate the quantity of X the consumer could purchase if he/she spent all of his/her income on X, (iii) find the slope of the budget line in terms of p_x and p_y, and (iv) find the general equation of the budget constraint line.	CO1, CO2, CO3
13.	Describe the relationship between MC curve and AC curve.	CO1, CO2
14.	Give two real –world examples of third-degree price discrimination.	CO1, CO2,

		CO3, CO4

Section-C **[3*10 = 30]**

Attempt all the questions.

No.	Questions	COs
15.	For a perfectly competitive firm, the following short-run function is given $$TC = 2 + 4Q + Q^2$$ If the price of the product prevailing in the market is Rs. 8, at what level of output the firm will maximize profits?	CO1, CO2
16.	Explain the inverse relationship between the quantity demanded for a commodity and its price. How would you explain, in terms of this analysis, that a fall in the price of salt does not make a consumer buy more of it?	CO1, CO2, CO3, CO4
17.	Distinguish between the followings: (a) Opportunity and actual costs, (b) Explicit and implicit costs, (c) Short-run and long-run costs, and (d) Accounting and economic costs.	CO1, CO2

Section-D **[2*15 = 30]**

Attempt any two questions.

No.	Questions	COs
18.	What are the characteristics of perfect competition? Analyses the equilibrium of a firm under the conditions of perfect competition in the short-run.	CO1, CO2,
19.	How will you distinguish between production with one variable input and production with two variable inputs? Does the difference between the two techniques of production make any difference in the laws of production?	CO1, CO2, CO3
20.	The origin of economics lies in endless human wants and scarcity of resources. Elaborate.	CO1, CO2, CO3, CO4