

Name:	 UPES UNIVERSITY WITH A PURPOSE
Enrolment No:	

UNIVERSITY OF PETROLEUM AND ENERGY STUDIES
Online End Semester Examination, May 2020

Course: Business Economics-I	Semester: I
Program: BBA FT	Time 03 hrs.
Course Code: ECON1001	Max. Marks: 100

SECTION A

1. Each Question will carry 2 Marks
2. Instruction: Complete the statement / Select the correct answer(s)

S. No.	Question	COs
Q 1	The point where isoquant curve is tangent to an iso-cost line is called _____	CO1
Q2	The market demand curve for a perfectly competitive industry is $Q_d = 12 - 2P$. The market supply curve is $Q_s = 3 + P$. The market will be in equilibrium if (a) $P = 6$ and $Q = 9$ (b) $P = 4$ and $Q = 4$ (c) $P = 3$ and $Q = 6$ (d) $P = 5$ and $Q = 2$	CO1
Q3	On the market with perfect competition: (a) The firm is a "price-taker," meaning, it takes over the market price; (b) The firm is a "price-maker", meaning, it determines the market price; (c) The companies' products are differentiated; Input barriers are minimal, and exit barriers are maximal.	CO1
Q4	Marginal revenue is equal to price for which one of the following types of market structure? (a) Monopoly (b) Monopolistic (c) Perfect Competition (d) Oligopoly	CO1
Q5	When the new firms are allowed to enter in to the market it is called _____ oligopoly and when the new firms are not allowed to enter in to the market it is called _____ oligopoly.	CO1
Q6	Write down the correct answer. (a) $MC_n = TC_n - TC_{n-1}$ (b) $MC_n = TC_n = TC_{n-1}$ (c) $MC_n = TC_n > TC_{n-1}$ (d) $MC_n = TC_n < TC_{n-1}$	CO1
Q7	Which of the following explains the short-run production function? (a) Law of Demand (b) Law of Variable Proportion (c) Returns to Scale (d) Elasticity of Demand	CO1
Q8	What happens when production is shut down ? (a) Fixed Cost Increases (b) Variable Costs Decline (c) Variable Costs become zero (d) Fixed Costs become zero	CO1

Q9	A firm will expand the amount of output it produces as long as its (a) average total revenue exceeds its average variable cost. (b) marginal revenue exceeds its marginal cost. (c) marginal cost exceeds its marginal revenue. (d) average total revenue exceeds its average total cost.	C01
Q10	Which of the following market types has a large number of firms that sell similar but slightly different products? (a) perfect competition (b) oligopoly (c) monopolistic competition (d) monopoly	C01

SECTION B

1. Each question will carry 5 marks

Q 1	Explain briefly about the relationship between AC and MC with diagram.	C02
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Q 2	Explain Expansion Path.	C02
Q 3	Explain Briefly the concept of Returns to scale.	C02
Q 4	Define Cartel with example.	C02

SECTION C

Each Question carries 10 Marks.

Instruction: Write Brief/ Short answer

Q1	Briefly explain the Law of Variable proportion with suitable diagram	C03
Q2	Do the following solution: (a) Given $TR=60Q-2Q^2$ and $TC=40+8Q$, Find the equilibrium output level and AR. (b) The total cost function $TC = 8Q-2Q^2 +4Q^3$, find the level of output where AC is minimum and also proof that at that level of output $AC=MC$.	C04
Q3	Discuss briefly about the Monopoly Power and Price Discrimination of Monopoly Market with practical example. OR Discuss briefly the Long Run Cost and Its Types with diagrams.	C04

SECTION D

Each Question carries 15 Marks.

Instruction: Instruction: Write long answer

Q1	Explain briefly the features of Perfect Completion Market. Critically explain with suitable diagram how price and output can be determined in both short run and long run equilibrium under perfect completion along with the explanation of the shutdown point.	CO4
Q2	Explain briefly the features of Monopolistic Completion Market. Define briefly with suitable diagram how price and output can be determined in both short run and long run equilibrium under perfect completion. OR Critically Explain Cournot's Duopoly Model Sweezy's Kinked Demand Curve Model with diagram.	CO4

