



Name:

Enrolment No:

UPES

End Semester Examination, December 2024

Course: BBA ALL

Program: Business Economics I

Course Code: ECON1001

Semester: I

Time: 03 hrs.

Max. Marks: 100

Instructions:

- This is a CLOSE BOOK exam.
- All questions are mandatory.
- The use of laptops, internet access, mobile phones, and other electronic devices is strictly prohibited during the exam
- Use of unfair means will result in immediate disciplinary action.

SECTION A  
10Qx2M=20Marks

S. No.		Marks	CO
Q 1	(i) In the short run, the production function shows the relationship between a) Capital and labor b) Output and the number of workers c) Input and output d) Long-term and short-term output		CO1
	(ii) The law of diminishing marginal returns states that as more units of a variable input are added to a fixed input, the marginal product of the variable input: a) Increases without limit b) Decreases after a certain point c) Remains constant d) Becomes negative immediately		CO1
	(iii) In the short run, total cost (TC) is the sum of a) Fixed costs and marginal costs b) Fixed costs and variable costs c) Average costs and marginal costs d) Average variable costs and average fixed costs		CO1
	(iv) The law of demand states that, all else being equal, as the price of a good increases, the quantity demanded: a) Increases b) Decreases c) Remains unchanged d) Fluctuates randomly		CO1

	<p>(v) According to the law of supply, as the price of a good increases, the quantity supplied:</p> <p>a) Increases b) Decreases c) Remains unchanged d) Fluctuates randomly</p>		<b>CO1</b>
	<p>(vi) Positive economics deals with</p> <p>a) What ought to be b) What is c) Both positive and normative analysis d) Ethical judgments about economics</p>		<b>CO1</b>
	<p>(vii) Which of the following is a characteristic of a perfectly competitive market?</p> <p>a) Many buyers and sellers b) Differentiated products c) Barriers to entry d) Single seller in the market</p>		<b>CO1</b>
	<p>(viii) In a perfectly competitive market, firms maximize their profit when</p> <p>a) Marginal revenue is greater than marginal cost b) Marginal revenue equals marginal cost c) Average revenue exceeds average cost d) Total cost exceeds total revenue</p>		<b>CO1</b>
	<p>(ix) Normative economics is concerned with</p> <p>a) Objective statements and facts b) Value judgments and what ought to be c) The relationship between supply and demand d) Predicting economic trends</p>		<b>CO1</b>
	<p>(x) Opportunity cost refers to</p> <p>a) The total cost of all resources used in production b) The cost of the next best alternative forgone when making a decision c) The monetary value of all resources in the economy d) The fixed cost associated with a business decision</p>		<b>CO1</b>
<p><b>SECTION B</b> <b>4Qx5M= 20 Marks</b></p>			
Q 2	Explain the concept of cross elasticity of demand.	<b>5</b>	<b>CO2</b>

Q 3	What is marginal product (MP)?	5	CO2
Q 4	What are the main features of Monopoly?	5	CO2
Q 5	Explain the concept of Production Possibility Curve (PPC), with an example.	5	CO2
<b>SECTION-C</b> <b>3Qx10M=30 Marks</b>			
Q 6	Discuss the supply schedule and law of supply and explain why the supply curve typically slopes upward.	10	CO3
Q 7	Discuss the concept of consumer and producer surplus. Use diagrams to show the impact of a price increase and a price decrease on any of these two concepts.	10	CO3
Q 8	Discuss the law of returns to scale and describe how it applies in the long run. Use a diagram to illustrate increasing, decreasing, and constant returns to scale.	10	CO3
<b>SECTION-D</b> <b>2Qx15M= 30 Marks</b>			
Q 9	<p>The housing market has been experiencing rapid growth, with property prices increasing significantly over the last year. Some analysts suggest that this trend will continue, as demand for homes remains strong. On the other hand, critics argue that rising prices are making housing unaffordable for many, particularly first-time buyers. In response, some policymakers are proposing stricter regulations on property developers to curb speculative investment. Meanwhile, the government is debating whether to provide subsidies to help low-income families buy homes.</p> <p><b>Statements:</b></p> <ol style="list-style-type: none"> <li>Property prices have increased by 10% over the last year.</li> <li>The government should provide subsidies to low-income families.</li> <li>Stricter regulations on property developers will reduce speculative investments.</li> <li>Housing has become unaffordable for many first-time buyers.</li> <li>The government ought to impose higher taxes on second homes.</li> </ol> <p>Examine the scenario using both positive and economic analysis.</p> <p style="text-align: center;"><b>OR</b></p> <p>Discuss the shapes of the various cost curves in the short run.</p>	15	CO4
Q 10	<p>A movie theatre chain is planning to raise the price of its tickets by 15% to cover increased operating costs. The theatre management is concerned that higher ticket prices may result in fewer people attending. The price elasticity of demand for movie tickets is estimated to be -1.2. To offset potential losses, the theatre is also planning to lower prices for concessions, like popcorn and soft drinks, which are often purchased together with movie tickets. The hope is that this strategy will encourage more people to buy snacks and drinks even if ticket prices rise.</p> <ol style="list-style-type: none"> <li>Given the price elasticity of demand for movie tickets is -1.2, what is the expected change in quantity demanded if ticket prices increase by 15%?</li> </ol>	15	CO4

	2. How might lowering prices for concessions affect the demand for movie tickets, considering that tickets and concessions are complementary goods?		
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