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UNIVERSITY OF PETROLEUM AND ENERGY STUDIES

End Semester Examination, December 2018

Program: BBA FAS

Subject (Course): Business Economics-I

Course Code : ECON1001

Semester : I

Max. Marks : 100

Duration : 3 Hrs

Section A

Note- Answer *all* the questions below. Each question has 2 marks.

1	Cross elasticity of demand is: A. Negative for complementary goods B. Negative for substitute goods. C. Unitary for inferior goods. D. Positive for inferior goods	CO1
2	When the average Product curve is rising A. The marginal product curve lies above the average product curve. B. The marginal product curve lies below the average product curve. C. The marginal product curve cuts the average product curve. D. None of the above.	CO3
3	When _____ we know that the firm are earning just normal profits: A. $AC = AR$ B. $MC = MR$ C. $MC = AC$ D. $AR = MR$	CO2
4	The structure of the tooth paste industry in India is best described as: A. Perfectly competitive B. Monopolistic C. Monopolistically competitive D. Oligopolistic	CO4
5	A perfectly competitive firm has control over A. price B. production as well as price C. production, price and consumers D. (d) none of the above	CO5

Section B

Note- Answer *all* the questions below. Each question has 5 marks.

1	Explain the Characteristics of Monopoly & Monopolistic competitive market.	CO2
2	Explain each of the following concepts with the help of a diagram. 1. Consumer Surplus 2. Producer Surplus	CO1
3	Explain Marginal rate of Technical Substitution (MRT_{LK}) (where L = Labor and K = Capital). Illustrate your answer with the help of diagram.	CO3
4	Draw the diagram that shows relationship between TP, MP and AP.	CO3
5	Explain the relationship between SMC & SAC with diagram.	CO4
6	Explain Firm equilibrium. Illustrate your answer with help of Diagram.	CO5

Section C

Note- Answer *all* the questions below. Each question has 10 marks.

1	What is Price elasticity of Demand and Cross elasticity of demand? Explain different degrees of price elasticity of demand. Illustrate your answer with the help of Diagram.	CO1
2	What is Producer Equilibrium? Explain Producer's equilibrium with the help of Isquant curve and Isocost line.	CO3
3	Suppose Total cost (TC) and Total Revenue (TR) functions are given, $TC = 100 + 5X^2$, $TR = 150X - 2.5X^2$ Find (a) Profit Maximization output, (b) Maximum output.	CO3 CO4
4	Explain following concept of costs: a) Average Fixed Cost (AFC) b) Average variable cost (AVC) c) Average Total Cost (ATC) d) Marginal cost (MC) e) Explicit cost and Implicit Cost	CO3

Section D

Note- Answer *all* the questions below. Each question has 20 marks.

1	Explain the price & output determination under the condition of perfect competition in the Short Run & in the Long Run. Illustrate your answer graphically.	CO2 CO5
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