



**UNIVERSITY OF PETROLEUM & ENERGY STUDIES
DEHRADUN**

End Semester Examination-December 2017

Program:BA-PPA

Course: Economics 1

Code : BBCG 126

No. of page/s:2

Semester: I

Max. Marks : 100

Duration : 3 Hrs

Section – A

Fill in the blanks with appropriate phrases. Each phrase carries 2 marks

10 X 2 = 20

The theory of production espouses two important concepts the first ----- which is determined by the Isoquants and the Isocosts while other is the law of _____; the second of these concepts also talks about the optimum combination of the factors of production that one should use, as well as conditions wherein even if the _____ is raising why one should use additional factors of production.

The cost theory, among many others talks about the envelop curve and shows how even when, on one plant size if the _____ is witnessing increasing costs it is lower than the _____ of the next plant size and also how it forces a producer to prefer the former plant size; it is in this analysis that it is explained as to how a producer should _____ from one plant size to another.

Market structures talk about the producer's extent of control _____ in the actual market. If a producer has absolute control over the price, we classify that market to be _____; while in the perfectly competitive market the producers have _____. Finally, the market is characterized is by product heterogeneity in the _____ market.

SECTION-B

Any 5 out of 6

2 Marks each

Total: 10 Marks

1. Long run
2. Incremental costs
3. Marginal revenue
4. Break-even point
5. Consumer surplus
6. Fixed cost versus variable costs

SECTION-C

Any 5 out of 6

6 Marks each.

Total: 30 Marks

1. Explain the derivation of demand curve for a firm under perfectly competitive market structure

2. Explain linear break-even point
3. Explain the properties of isocosts
4. Explain the behaviour of total cost, variable cost and fixed cost with the help of suitable diagram
5. Explain the law of variable proportions
6. Explain the derivation of envelop curve

SECTION-D

Any 2 out of 3

20 Marks each.

Total: 40 Marks

1. Explain the how a firm could earn maximum profits leveraging on costs and revenues through non-linear breakeven analysis
2. Explain the short run and long run equilibrium of a firm under monopolistic competition
3. Explain the allocative inefficiencies that monopoly brings about and in the same context discuss corruption.