Name: **Enrolment No:**	

UPES

End Semester Examination, May 2023

Course: Business Economics I **Semester: IV**
Program: BBA LLB & B.Com. LLB **Time: 03 hrs.**
Course Code: ECON2024 **Max. Marks: 100**

Instructions:

S. No.		**Marks**	**CO**
Q1	If the economy goes into a recession and incomes fall, what happens in the markets for inferior goods? (a) Prices and quantities both rise. (b) Prices and quantities both fall. (c) Prices rise and quantities fall. (d) Prices fall and quantities rise.	**2**	**CO1**
Q2	Which one is not a condition of equilibrium in perfection competition? (a) AC = AR (b) MC = AR (c) MC = MR (d) P = MC	**2**	**CO1**
Q3	Which of the following is Producers equilibrium condition (a) $MP_L/w = MP_K/r$ (b) $MP_L/r = MP_K/w$ (c) $MP_L/L = MP_K/K$ (d) $MP_L/w > MP_K/r$	**2**	**CO1**
Q4	An increase in the supply of a good will decrease the total revenue producers receive if (a) the demand curve is inelastic. (b) the demand curve is elastic. (c) the supply curve is inelastic. (d) the supply curve is elastic.	**2**	**CO1**
Q5	Which of the following appropriately define the short run period (a) It refers to a very short time period i.e., 10 days, 30 days etc. (b) When fixed factors of production can be changed (c) When only variable factor of production can be changed	**2**	**CO1**

	(d) When both fixed and variable factor of production can be changed		
SECTION B **(4Qx5M= 20 Marks)**			
Q6	Increasing returns to scale.	**5**	**CO2**
Q7	Explain law of diminishing marginal returns.	**5**	**CO2**
Q8	Describe monopolistic market.	**5**	**CO2**
Q9	What are the determinants of individual demand?	**5**	**CO2**
SECTION-C **(2Qx10M=20 Marks)**			
Q10	Compare and contrast between monopoly and perfect competitive market.	**10**	**CO3**
Q11	Explain the short-run production process in detail. What are the three stages of production. In which stage the producer will operate and why?	**10**	**CO3**
SECTION-D **(2Qx25M=50 Marks)**			
Q12	Describe the **consumer equilibrium** condition for the case of two goods. What is **marginal rate of substitution**. Why marginal rate of substitution falls as we move from left to right on **indifference curve**? **OR** Describe the features of a **perfectly competitive** market. Illustrate **super-normal** profit of a firm in the perfect competition. Why firms in perfect competition do not earn supernormal profit in long run.	**25**	**CO4**
Q13	Suppose that your state needs to raise more tax revenue. The governor proposes a tax on food because everyone must eat and, thus, a food tax would surely raise a great deal of tax revenue. He insists the tax should be placed on food sellers to protect the poor who spend a large proportion of their income on food (Use the concept of elasticity). A. Will the burden of a food tax fall only on the sellers of food as the governor said? Explain. B. Who will bear most of this tax burden? Explain.	**25**	**CO4**