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| Name:         |  |
| Enrolment No: |  |

**UNIVERSITY OF PETROLEUM AND ENERGY STUDIES**  
**End Semester Examination, Dec 2019**

**Course: Microeconomics**  
**Program: B.Com(H)(BM&I)**  
**Course code: ECON1011**

**Semester: I**  
**Time: 3 Hours**  
**Max. Marks: 100**

**SECTION A**

**( 10 \* 2 Marks Each - 20 Marks)**

|        |   |   |   |
|--------|---|---|---|
|        | Attempt all of the following questions.   |   |   |
| Ques.1 |   |   |   |
| a.     | Define Oligopoly.   | 2 | 4 |
| b.     | What is the difference between cost and opportunity cost?   | 2 | 2 |
| c.     | What is Equi-marginal Utility.  | 2 | 1 |
| d.     | Factory outlet is example of which economies of scale.  | 2 | 3 |
| e.     | If the price of all good increases by the same proportion as income, what will happen to the quantity demanded of good x. | 2 | 3 |
| f.     | Explain the elasticity of demand by midpoint method.  | 2 | 2 |
| g.     | What do you understand by Price discrimination?   | 2 | 4 |
| h.     | What is envelope curve?   | 2 | 4 |
| i.     | If the supply of a good is elastic, then a rise in price will _____.  | 2 | 2 |
| j.     | When do you find the situation of surplus in the market?  | 2 | 1 |

**SECTION B**

**( 4\* 5 Marks Each -20 Marks)**

|        |  |   |   |
|--------|--|---|---|
|        | Answer any four out of the five questions  |   |   |
| Ques.2 | Write down the limitations of Marginal utility.  | 5 | 1 |
| Ques.3 | When a competitive firm doubles the amount it sells, what happens to the price and it's total revenue?   | 5 | 4 |
| Ques.4 | Explain increasing returns to scale in production function.  | 5 | 4 |
| Ques.5 | Two-drivers each drive up to a gas station, before looking at the price, each place an order. A says "I'd like 10 gallons of gas". B says "I'd like 10 rupees worth of gas". What is each driver's price elasticity of demand? | 5 | 2 |
| Ques.6 | Explain two extreme cases if Indifference curve with suitable diagram.   | 5 | 1 |

**SECTION-C**

**( 3\* 10 Marks Each- 30 Marks)**

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|  | Answer any three out of the four questions |  |  |
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| Ques.7   | Average fixed cost curve never touches the X-axis. True or False? Explain with suitable diagram.   | <b>10</b> | <b>3</b> |
| Ques.8   | Do all demand curves slope downward? Explain with Income effect and Substitution effect.   | <b>10</b> | <b>2</b> |
| Ques.9   | What is External diseconomies of scale? Explain its reasons.   | <b>10</b> | <b>4</b> |
| Ques.10  | Define the following<br>(a) Explicit cost<br>(b) Implicit cost<br>(c) Constant cost industry<br>(d) Price elasticity of supply<br>(e) Iso-quant curve.   | <b>10</b> | <b>2</b> |
| <b>SECTION-D ( 2* 15 Marks Each- 30 Marks)</b> |  |           |          |
|  | Answer all questions   |           |          |
| Ques. 11                                       | If more variable factors are employed with fixed factor, the total product increases at increasing rate and finally it falls. Explain the three stages of the law with the help of TP, AP and MP curves.                               | <b>15</b> | <b>3</b> |
| Ques. 12                                       | List the three key attributes of monopolistic competition. Draw and explain a diagram to show the long run equilibrium in monopolistic competitive market. How does this equilibrium differ from that in perfectly competitive market? | <b>15</b> | <b>4</b> |