

Name:  
Enrollment No:



UNIVERSITY WITH A PURPOSE

**UNIVERSITY OF PETROLEUM & ENERGY STUDIES**

**End Term Examination (Online) – January, 2021**

**Program: MBA LSCM & AVM**  
**Subject/Course: Managerial Economics**  
**Course Code: ECON7006**

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

**IMPORTANT INSTRUCTIONS**

1. The student must write his/her name and enrollment no. in the space designated above.
2. The questions have to be answered in this MS Word document.
3. After attempting the questions in this document, the student has to upload this MS Word document on Blackboard.
4. Student can draw the diagram by hand (wherever required) and then attach it with the answer.

<b>Section A</b>		<b>Marks</b>	<b>COs</b>
<b>Multiple Choice Question</b>			
Q1	In order to stay on the same convex indifference curve, the consumer must a. Reveal preference for any one of the commodities b. Have equal units of both commodities c. Have more units of one commodity to have more units of the other commodity d. Give up units of one commodity to have more units of the other commodity	5	CO1
Q2	Elasticity of products under monopolistic competition is a. Equal to one b. Less than one c. Equal to zero d. More than one	5	CO1
Q3	Slope of AR curve in monopoly market structure is a. Equal to slope of MR b. Twice the slope of MR c. Thrice the slope of MR d. Half the slope of MR	5	CO1
Q4	A perfectly competitive firm will shut down if a. $AVC < AR$ b. $AVC > AR$ c. $AVC = MC$ d. $AVC < MC$	5	CO1
Q5	The study of unemployment is a part of a. Normative economics b. Microeconomics	5	CO1

	c. Macroeconomics d. Descriptive economics									
Q6	Economies of scale emanate from a. Learning by doing b. Production of two different products jointly c. Production of two complementary products separately d. Production in bulk	5	CO1							
<b>Section B</b> <b>Attempt all Questions</b>										
Q1.	Due to wedding season in November and December, demand for exotic flowers has been going up. As the demand for these flowers increases, how would the price of these items be affected in such case? With change in price supply does change too and results in further changes of price and quantity both. Which concept of 'equilibrium' do these changes relate to? Explain the reason for your answer and also reflect the changes in diagram.	5+5= 10	CO 2							
Q2.	Complete the following table on the basis of figures given below:							10	CO1	
	Output	Total cost	Total fixed cost	Total variable cost	Average fixed cost	Average variable cost	Average cost			Marginal Cost
	0									
	1	200		100						100
	2	200				95				
	3						123			
	4						110			71
	5			420	20	84				80
	6						103.8			
	7	751					107			128
	8			801						
	9	1098		998						197
10				10	123.2					
Q3.	State the difference between Microeconomics and Macroeconomics as clearly as possible.	10	CO1							
Q4.	State clearly the difference between Perfect Competition & Monopoly market structure. Are these market structures possible in real world? Explain with an example and building the argument on that.	7+3=10	CO3							
Q5.	How would Producer attain equilibrium? State the necessary conditions for achieving producer equilibrium with the help of diagram.	10	CO4							
<b>Section C</b> <b>Attempt any 1 Question</b>										
Q1.	State the distinct characteristics of Monopolistic Competition. While explaining. While explain the market structure with example of a product, highlight the relevance of 'selling cost' from the perspective of Producer and Consumer.	20	CO4							

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