



**UNIVERSITY OF PETROLEUM AND ENERGY STUDIES**  
**End Semester Examination, December 2021**

**Course: Business Economics I**  
**Program: BBA ABD DB & GE&S**  
**Course Code: : ECON 1001**  
**Instructions: attempt all questions**

**Semester : I**  
**Duration : 03 hrs.**  
**Max. Marks: 100**

Q.No	Section A (True and False)	Marks	COs
Q1	Opportunity cost is the value of the next-best alternative when a decision is made	2	CO1
Q2	Unit elastic supply or demand curve is perfectly responsive to changes in price	2	CO1
Q3	The Production Possibilities Frontier (PPF) is a graph that shows all the different combinations of output of two goods that can be produced using available resources and technology	2	CO1
Q4	In the long run fixed cost is zero	2	CO1
Q5	An inferior good is an economic term that describes a good whose demand drops when people's incomes rise	2	CO1
Q6	Complementary goods are products which are used together	2	CO1
Q7	In Perfect completion there are large number of sellers with homogeneous products	2	CO1
Q8	Availability of substitutes can affect the price elasticity of demand of a product	2	CO1
Q9	A normal good is a a good which people demand more of when their income rises	2	CO1
Q10	Equilibrium is the point where demand meets the supply	2	CO1
	<b>Section B</b>	<b>Marks</b>	
Q1	Explain the relationship between marginal cost, average cost and total cost.	5	CO2
Q2	Write a short note on Law of Equi- Marginal Utility approach of consumer equilibrium.	5	CO2
Q3	Explain the difference between perfect competition and monopolistic competition citing examples.	5	CO2
Q4	Explain the consumer and producer surpluses with the help of a diagram..	5	CO2
	<b>Section C</b>	<b>Marks</b>	
Q1	When the price per carton of Coco Cola from Rs. 16 to Rs. 14, the quantity demanded increases from 200 to 300 Carton per month. On the other hand, the demand for Pepsi falls from 250 to 200 cartons per month.  (a) Calculate the price elasticity of demand.	10	CO3

	(b) Calculate the cross elasticity of demand between Coco Cola and Pepsi. Based on the answer, explain the relationship between the two.		
Q2	Briefly explain Extension & Contraction of Demand. Illustrate your answer by diagram.	10	CO3
Q3	Explain Oligopoly. Can firms effect the market price of their product in this form of market competition.	10	CO3
	<b>Section D</b>	<b>Mark</b>	
Q1	What is mean by production function? Distinguish between short run production function & Long run production function. Explain law of return to variable factor & law of returns to scale. Illustrate your answer graphically	15	CO4
Q2	“Economics is the study of how society manages its scarce resources” Explain how study of Business Economics helps managers & entrepreneurs make better economic decisions.	15	CO4