UNIVERSITY OF PETROLEUM & ENERGY STUDIES
End Semester Examination December, 2021

Program: BBA/B.Com   Semester: II
Subject/Course: Business Economics   Max. Marks: 100
Course Code: ECON1001   Duration: 3 Hours

IMPORTANT INSTRUCTIONS

1. The student must write his/her name and enrolment no. in the space designated above.
2. The questions have to be answered in this MS Word document.

Q.no	Section A (MCQs. 2 marks each)	Marks	COs
1.	What is point of inflexion in Law of Variable proportions? 1. the point at which law of decreasing returns begins 2. the point at which TP starts rising at decreasing rate 3. the point at which MP starts falling 4. All of the above	2	CO1
2.	Which option of the following does not belong to the concept of Opportunity Cost? 1. Next Best Alternative Forgone 2. Factor of production has alternative uses 3. It is also the marginal cost 4. Opportunity cost is the short run cost	2	CO1
3.	When output is zero then 1. Fixed cost will not be zero and variable cost will be zero 2. Fixed cost will be zero and variable cost will not be zero 3. Fixed Cost will not start from origin and variable cost will start from origin 4. Option '1' and '3' both	2	CO1
4.	Which of the following is not a determinant of a consumer's demand for a commodity? 1. Income 2. Population 3. Prices of related goods 4. Tastes	2	CO1
5.	The terminology ceteris paribus means 1. all else equal	2	CO1

	2. changing everything else by the amount by which they usually change 3. changing everything else by equal amounts 4. none of the above		
6.	Economies and Dis-economies of Scale explain why the: A) short-run average fixed cost curve declines so long as output increases. B) marginal cost curve must intersect the minimum point of the firm's average total cost curve. C) long-run average total cost curve is typically U-shaped. D) short-run average variable cost curve is U-shaped.	2	CO1
7.	If the short-run average variable costs of production for a firm are rising, then this indicates that: A) average total costs are at a maximum. B) average fixed costs are constant. C) marginal costs are above average variable costs. D) average variable costs are below average fixed costs.	2	CO1
8.	Variable costs are: A) sunk costs. B) multiplied by fixed costs. C) costs that change with the level of production. D) defined as the change in total cost resulting from the production of an additional unit of output.	2	CO1
9.	The total utility of a product is calculated by: A) summing the marginal utility from the first unit of a product that is consumed and the last unit of a product that is consumed. B) multiplying the marginal utility of a unit of the product consumed times the average quantity consumed. C) summing the marginal utilities for each successive unit of the product that is consumed. D) multiplying price times quantity and dividing by the marginal utility.	2	CO1
10.	With respect to production, the short run is best defined as a time period A. lasting about six months. B. lasting about two years. C. in which all inputs are fixed. D. in which at least one input is fixed.	2	CO1
	Section B Each question will carry 5 marks Instruction: Write short / brief notes		

Q.11	How a consumer attains equilibrium under Ordinal Utility analysis? Discuss. (with suitable diagram)	5	CO2
Q.12	Why conservative approach is adopted towards government spending?	5	CO2
Q.13	What is the difference between perfect competition market and Monopolistic competition market?	5	CO2
Q.14	Explain why demand curve slopes downward?	5	CO2
	Section C Question carries 10 Marks. Any three questions to be done		
Q.15	Why and how perfect competitive market is more socially desirable as compared to monopoly competition market?	10	CO3
Q.16	Why is the long run average cost curve usually called planning curve? (with suitable diagram)	10	CO3
Q.17	A firm is manufacturing shoes. The fixed cost of production is Rs 1,92,000 p.a. The variable cost is Rs 100 per pair, while the sale price is Rs. 200 per pair. The company is required to give a commission of 10% on sale price to the retailer. Find the number of shoe pairs that the firm must manufacture and sell per month, if it has to avoid losses. Give a graphic presentation of break-even point. How is this concept useful in business decision making?	10	CO3
Q.18	Explore the relationship between AVC, AFC, ATC and MC with suitable diagram	10	CO3
	Section D Question carries 30 Marks. Attempt any one		
Q.19	Crude Oil Price war in Russia and UAE and its effect on the world. Also include Venezuela Oil reserves as an example Or The cost function to produce X Soaps is given as $C(x) = .080x + 4,000.$	30	CO4

Evaluate the cost function to find the cost to produce 1600 Soaps.

find the average cost of producing those 1600 Soaps.

Find the marginal cost of Producing 2150 Soaps & 1400 Soaps.