UPES
End Semester Examination, December 2023

Course: Micro Economics   Semester: I
Program: BBA ALL_B.Com (Hons)   Time   : 03 hrs.
Course Code: ECON1013   Max. Marks: 100

Instructions:

SECTION A
10Qx2M=20Marks

S. No.		Marks	CO

Q1	Economics is best defined as the study of
	    a. how society manages its scarce resources.
	    b. how to run a business most profitably.
	    c. how to predict inflation, unemployment, and stock prices.
	    d. how the government can stop
		2	CO1

Q2	A marginal change is one that
	    a. is not important for public policy.
	    b. incrementally alters an existing plan.
	    c. makes an outcome inefficient.
	    d. does not influence incentives.
		2	CO1

Q3	Governments may intervene in a market economy in order to
	    a. protect property rights.
	    b. correct a market failure due to externalities.
	    c. achieve a more equal distribution of income.
	    d. All of the above
		2	CO1

Q4	A point inside the production possibilities frontier is
	    a. efficient but not feasible.
	    b. feasible but not efficient.
	    c. both efficient and feasible.
	    d. neither efficient nor feasible.
		2	CO1

Q5	An economic model is
	    a. a mechanical machine that replicates the functioning of the economy.
	    b. a fully detailed, realistic description of the economy.
	    c. a simplified representation of some aspect of the economy.
	    d. a computer program that predicts the future of the economy.
		2	CO1

Q6	The best definition of a market is
	    a. a store that offers a variety of goods and services.
	    b. a place where buyers meet and an auctioneer calls out prices.
	    c. a group of buyers and sellers of a good or service.
	    d. a venue where the sole supplier of a good offers its product.
		2	CO1

Q7	If pasta is an inferior good, then the demand curve shifts to the _____ when _____ rises.
	    a. right; the price of pasta
	    b. right; consumers' income
	    c. left; the price of pasta
	    d. left; consumers' income
		2	CO1

Q8	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

Q9	An efficient allocation of resources maximizes
	    a. consumer surplus.
	    b. producer surplus.
	    c. consumer surplus plus producer surplus.
	    d. consumer surplus minus producer surplus.
		2	CO1

Q10	If a higher level of production allows workers to specialize in particular tasks, a firm will likely exhibit _____ of scale and _____ average total cost.
	    a. economies; falling
	    b. economies; rising
	    c. diseconomies; falling
	    d. diseconomies; rising
		2	CO1

SECTION B
4Qx5M= 20 Marks

Q11	What are the demand schedule and the demand curve, and how are they related? Why does the demand curve slope downward?	5	CO2
Q12	What is the concept of a price ceiling and provide an example where the government sets a price either above or below the equilibrium level.	5	CO2
Q13	Describe the features of an oligopoly market.	5	CO2
Q14	What distinguishes the long-term production function from the short-term production function. Provide an example.	5	CO2

SECTION-C
3Qx10M=30 Marks

Q15	You are given the following marginal utilities of goods *X* and *Y* obtained by a consumer. Given that price of X = Rs. 5, price of Y = Rs. 2 and income = Rs. 22, find out the optimal combination of goods.	10	CO3

Number of units consumed of a commodity	MUx (utils)	Muy (utils)
1	30	20
2	25	18
3	20	16
4	15	14
5	10	12

	6	5	10			
	7	1	8			
Q16	Discuss with the help of diagram to illustrate the concept of elasticity and how it relates to total revenue.				10	CO3
Q17	Distinguish between cardinal utility and ordinal utility. On what grounds Marshall's cardinal utility analysis has been criticized?				10	CO3

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SECTION-D
2Qx15M= 30 Marks

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Q 18	Solve the below question:
	  A. If a consumer's daily income rises from Rs. 300 to Rs. 350, his purchase of a good *X* increases from 25 units per day to 35 units, find income elasticity of demand for *X*.
	  B. If price of coffee rises from Rs. 45 per pack to Rs. 55 per pack of 250 grams and as a result the consumers demand for tea increases from 600 packs to 800 packs of 250 grams, then find the cross elasticty of demand of tea for coffee.
	 OR Examine the law of variable proportions and explain the three stages of production function with one variable factor with diagram.
		15	CO4

Q19	Evaluate the characteristics of perfectly competitive market? Describe the circumstances under which a corporation in perfect competition might reach short-term equilibrium.	15	CO4