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UPES
End Semester Examination, December 2023

Course: Business Economics **Semester: I**
Program: BBA ALL **Time: 03 hrs.**
Course Code: ECON1001 **Max. Marks: 100**

Instructions:

- Read the question paper carefully before you begin. Pay attention to any specific instructions and question numbering.
- Section A contains 10 Objective type questions of 2 marks each, carrying a total of 20 marks.
- Section B contains 4 Questions of 5 marks each, totaling 20 marks. These questions are short answer type. All the questions are compulsory.
- Section C contains 3 Questions of 10 marks each, totaling 30 marks. Out of 3 questions, 2 Questions are compulsory and 1 Question has internal choice to attempt any one. These Questions are of medium duration type.
- Section D contains 2 Questions of 15 marks each, totaling 30 marks. Out of the 2 questions, 1 Question is compulsory and 1 Question has internal choice to attempt any one. These Questions are of long answer type.
- All electronic devices, including but not limited to mobile phones, tablets, smartwatches, and laptops, must be turned off and placed out of reach. No electronic devices are allowed during the exam.

SECTION A
10Qx2M=20Marks

S. No.		Marks	CO
Q 1.1	The statement "people should pollute as little as possible" is an example of a A) positive statement. B) normative statement. C) factual statement. D) non-judgmental statement.	2	CO1
Q 1.2	If the demand for green tea increases as income increases, green tea is a A) complementary good. B) substitute good. C) normal good. D) inferior good.	2	CO1
Q 1.3	You own The Wedding Crasher on DVD. The opportunity cost of watching this DVD for the fourth time A) is zero since you own it.	2	CO1

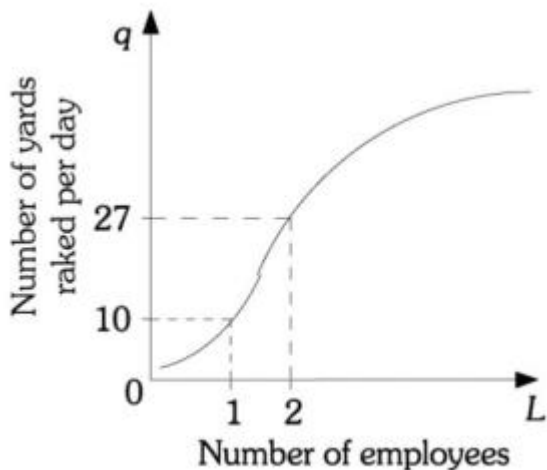


Figure 1

Q 1.8	Refer to Figure 1. The average product of the second worker is _____ yards raked. A) 4 B) 13.5 C) 14 D) 27	2	CO1
Q 1.9	In perfect competition, a firm's marginal revenue curve is A) downward sloping. B) upward sloping. C) horizontal. D) vertical.	2	CO1
Q 1.10	A monopoly is an industry with A) a single firm in which the entry of new firms is blocked. B) a small number of firms, each large enough to impact the market price of its output. C) many firms each able to differentiate their product. D) many firms each too small to impact the market price of its output.	2	CO1

SECTION B

4Qx5M= 20 Marks

Q 2.	Refer to Figure 2, showing the demand for gardenburgers at various prices. Using the mid-point method, calculate the price elasticity of demand when the price increases from (i) INR \$8 to \$10, and the quantity demanded falls from 3 gardenburgers to 1 gardenburger and (ii) price increases from \$6 to \$8, and quantity demanded falls from 5 gardenburgers to 3 gardenburgers. Identify whether the demand is elastic or inelastic, based on the calculation.	5	CO2
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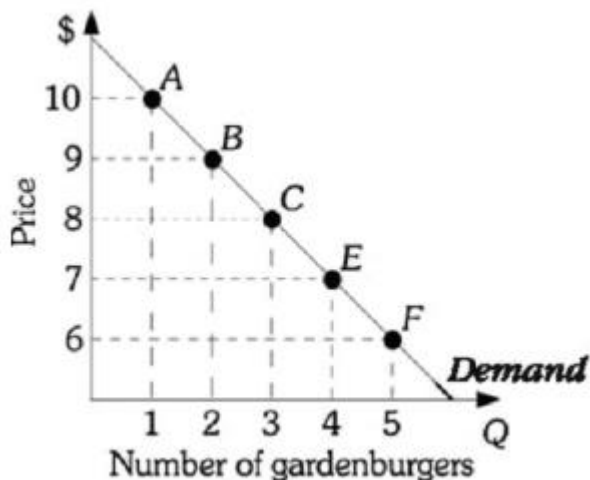


Figure 2

Q 3.	Discuss the concept of consumer equilibrium using indifference curve analysis.	5	CO2
Q 4.	Explain the relationship between average product and marginal product. Supply graphs to support your answer.	5	CO3
Q 5.	Discuss the law of production that operates in the short run.	5	CO3
SECTION-C 3Qx10M=30 Marks			
Q 6.	Explain income elasticity of demand. Discuss the elasticity of demand in case of normal goods and inferior goods. Provide graphs wherever necessary.	10	CO2
Q 7.	Explain explicit costs and implicit costs. Discuss the implications of sunk cost to the firm.	10	CO3
Q 8.	Define monopoly. Explain how price is determined under monopoly. OR Discuss monopolistic competition. How are price and output determined under monopolistic competition.	10	CO3
SECTION-D 2Qx15M= 30 Marks			
Q 9.	Explain long run production function using the representational image in Figure 3. Discuss isoquant map and the implications of producer's decision to produce at successive isoquants; q_1 , q_2 , and q_3 . Discuss the flexibility of substituting labor for capital.	15	CO4

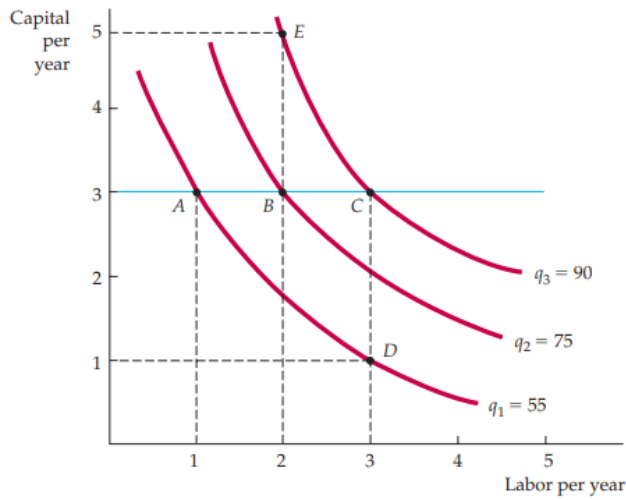


Figure 3

Q 10. Using separate graphs, analyze the two extreme cases of production function: straight line isoquant and L-shaped isoquant. Provide suitable examples for the two types of isoquants.

OR

Analyze the shape of the various cost curves, supported with graphs. Discuss the relationship between average and marginal cost.

15

CO4