UNIVERSITY OF PETROLEUM AND ENERGY STUDIES
End Semester Examination, May 2019

Course: Business Economics I   **Semester: II**

Program: BA-LL. B (Hons.) Criminal Law/ B.A., LL.B. (Hons.) Energy Laws/ B.B.A, LL.B. (Hons.) Corporate Laws/ B.B.A., LL.B. (Hons.) Banking, Insurance and Finance / International Trade and Investment Laws/ B.COM., LL.B. (Hons.) Taxation/ Media & Entertainment Laws

Course code: CLNL 1014   **Time: 03 Hours**

Instructions: Do as directed   **Max. Marks: 100**

SECTION A

		Marks	CO
Q1.	Write the correct answer		
i.	The elasticity of demand on different points on a linear demand curve is (a) constant (b) different, varying from 0 to ∞ (c) always 0 (d) none of the above	**[2]**	**CO1**
ii.	A vertical demand curve is (a) perfectly elastic (b) perfectly inelastic (c) highly elastic (d) unitary elastic	**[2]**	**CO1**
iii.	Market equilibrium represents a. total consumption of a good b. intersection between market demand and market supply c. total demand for a good d. total production of a good	**[2]**	**CO1**
iv.	When total utility increases, marginal utility is (a) negative and increasing, (b) negative and declining, (c) zero, or (d) positive and declining.	**[2]**	**CO1**
v.	The statement U = 10 utils implies (a) an ordinal measure of utility only, (b) a cardinal measure of utility only, (c) an ordinal and a cardinal measure of utility, or (d) none of the above.	**[2]**	**CO1**
	SECTION B		
Q2.	Define demand function and supply function.	**[4]**	**CO1**

Q3.	Mention the causes of rightward shift in demand	[4]	CO2
Q4.	State and draw the diagram for the exceptions to the law of supply.	[4]	CO1
Q5.	Given the following demand and cost function of producer: $$P = 13 - Q \text{ and } C = 25 + Q + 0.5Q^2$$ If Q = 4, find the profit of producer?	[4]	CO5
Q6.	Explain Consumer's equilibrium using indifference curve approach	[4]	CO2

SECTION-C

Q 7.	Explain the law of variable proportions diagrammatically.	[5]	CO3,4
Q8.	Explain the price and output determination under perfect competition in the short run with diagrams.	[5]	CO3,4
Q9.	Explain the features of Monopoly.	[5]	CO3,4
Q10.	Calculate price elasticity from the following	[5]	CO5

Price (Rs.)	8	7	6	5	4	3	2	1	0
Quantity (1b)	0	1000	2000	3000	4000	5000	6000	7000	8000

SECTION-D

Q11.	Consider a hypothetical firm whose output and cost structure is given in the following table. Calculate Total Cost, Average Variable Cost, Average Fixed Cost, Average Total Cost and Marginal Cost. Also graph and comment on the shape of these curves.	[20]	CO5

Output	Total Fixed Cost	Total Variable Cost
0	100	0
1	100	20
2	100	30
3	100	35
4	100	45
5	100	60
6	100	80
7	100	126

Q12.	Suppose a firm's output and total revenue is given in the following table. Estimate the average revenue, marginal revenue and describe the relation between them.	[15]	CO5

Output	Total Revenue
0	0
1	10
2	18
3	24
4	28

| 5 | 28 |
| 6 | 24 |

| Q13. | Suppose firm A produces in a perfectly competitive market and firm B produces in a monopoly market, how will you differentiate the two. Also comment on the demand curves as well as their revenue structure. | **[15]** | **CO5** |

UNIVERSITY OF PETROLEUM AND ENERGY STUDIES
End Semester Examination, May 2019

Course: Business Economics I   **Semester: II**
Program: BA-LL. B (Hons.) Criminal Law/ B.A., LL.B. (Hons.) Energy Laws/ B.B.A, LL.B. (Hons.) Corporate Laws/ B.B.A., LL.B. (Hons.) Banking, Insurance and Finance / International Trade and Investment Laws/ B.COM., LL.B. (Hons.) Taxation/ Media & Entertainment Laws
Course code: CLNL 1014   **Time: 03 Hours**
Instructions: Do as directed   **Max. Marks: 100**

SECTION A

		Marks	CO
Q1.	Write the correct answer		
I	Which of the following is father of economics? (a) J.M. Keynes (b) Adam Smith (c) Amartya Sen (d) Alferd Marshal	**[2]**	**CO1**
II	Who said economics is the science of wealth (a) J.M. Keynes (b) Adam Smith (c) Amartya Sen (d) Alferd Marshal	**[2]**	**CO1**
III	Elasticity of demand measures: (a) %age change in quantity demanded due %age change in output (b) %age change in output due to %age change in price (c) %age change in quantity demanded due to %age change in Price, Income and price of related good. (d) All of the above.	**[2]**	**CO1**
IV	If 25% change in income brings 20% change in quantity demanded of good, then the good is said to be: (a) Normal good (b) Inferior good (c) Luxury good (d) superior good	**[2]**	**CO1**

V	A fall in the price of a commodity, holding everything else constant, results in and is referred to as
	    (a) an increase in demand
	    (b) a decrease in demand
	    (c) an increase in the quantity demanded
	    (d) a decrease in the quantity demanded.
		[2]	CO1

	SECTION B		
Q2.	State and explain law of demand with diagram	[4]	CO1
Q3.	What do you mean by an Indifference Curve? Explain its properties	[4]	CO2
Q4.	Write the difference between an Indifference and Isoquant	[4]	CO1
Q5.	Given the following demand and cost function of producer: $$P = 13 - Q \text{ and } C = 25 + Q + 0.5Q^2$$ If Q = 4, find the profit of producer?	[4]	CO5
Q6.	Explain producer's equilibrium using isoquant and iso-cost line	[4]	CO2
	SECTION-C		
Q 7.	Explain various types of price elasticity of demand with diagrams.	[5]	CO3,4
Q8.	Explain consumer's equilibrium using utility approach	[5]	CO3,4
Q9.	Explain the features of perfect competition.	[5]	CO3,4
Q10.	Calculate price elasticity from the following	[5]	CO5

Price (Rs.)	8	7	6	5	4	3	2	1	0
Quantity (1b)	0	100	200	300	400	500	600	700	800

	SECTION-D

Q11.	Consider a hypothetical firm whose output and cost structure is given in the following table. Calculate Total Cost, Average Variable Cost, Average Fixed Cost, Average Total Cost and Marginal Cost. Also graph and comment on the shape of these curves.	**[20]**	**CO5**

Output	Total Fixed Cost	Total Variable Cost
0	60	0
1	60	30
2	60	40
3	60	45
4	60	55
5	60	75
6	60	120
7	60	145

Q12.	Suppose a firm's output and total revenue is given in the following table. Estimate the average revenue, marginal revenue and describe the relation between them.	**[15]**	**CO5**

Output	Total Revenue
0	0
1	16
2	30
3	42
4	52
5	60
6	66
7	70
8	72

Q13.	Suppose firm A produces in a perfectly competitive market and firm B produces in a monopoly market, how will you differentiate the two. Also comment on the demand curves as well as their revenue structure.	**[15]**	**CO5**