

2015

(2nd Semester)

COMMERCE

Paper No. : BC-202

(**Business Economics**)

Full Marks : 70

Pass Marks : 45%

Time : 3 hours

(PART : B—DESCRIPTIVE)

(*Marks* : 45)

*The figures in the margin indicate full marks
for the questions*

Answer **all** questions

1. (a) What is inflation? State its effects on the economy. 2+7=9

Or

- (b) Give a brief note on growth maximization theory. 9

2. (a) Define elasticity of demand. What are its different types? 2-7-9

Or

- (a) Explain the importance of elasticity of demand. 9

3. (a) Briefly state the law of variable proportion with a suitable diagram. 9

Or

- (b) Give a note on 'expansion path'.

4. (a) Explain the price determination under monopoly firm in the short period. 9

Or

- (b) Discuss 'kinked demand curve theory' of oligopoly pricing.

5. (a) Explain how modern theory of rent is an improvement over Ricardian theory of rent. 9

Or

- (b) Briefly explain the Keynesian theory of employment.

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Paper No. : BC-202

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(PART : A—OBJECTIVE)

(Marks : 25)

The figures in the margin indicate full marks for the questions

1. Choose the correct answer by putting a Tick (✓) mark in the brackets provided : 1×5=5

(a) Reflation is

(i) antidepression measure ()

(ii) antiinflationary measure ()

(iii) antustagflation measure ()

(iv) All of the above ()

(b) Pick out the correct formula for arc elasticity

(i) $\frac{q - q_1}{q + q_1} \div \frac{P - P_1}{P + P_1}$ ()(ii) $\frac{q - q_1}{P - P_1} \div \frac{q - q_1}{P + P_1}$ ()(iii) $\frac{q - q_1}{q + q_2} \div \frac{P + P_1}{P - P_1}$ ()(iv) $\frac{q + q_1}{q - q_1} \div \frac{P + P_1}{P - P_1}$ ()

(c) External economies

- (i) can be obtained only at the expense of internal economies ()
- (ii) may result from concentration of industry in a particular area ()
- (iii) are another name for economies of scale ()
- (iv) are confined to importing and exporting industries ()

(d) Which of the following is not a condition of the perfect market?

- (i) A homogeneous product ()
- (ii) A large number of buyers and sellers ()
- (iii) A downward sloping demand curve for a firm ()
- (iv) Perfect knowledge of the market by buyers and sellers ()

(e) The concept of quasi-rent means

- (i) the wages to workers ()
- (ii) the rent shared by landlord and workers ()
- (iii) the interest paid to a petty shopkeeper ()
- (iv) the return to a factor of production which is fixed in supply in the short period only ()

2. Fill in the blanks :

1×5=5

- (a) During the deflationary period, the value of money
- (b) When two goods are non-related, the cross-elasticity of demand between them will be
- (c) If a firm acquires a new plant and its cost of production falls, these will be known as economics.
- (d) is a form of market organization in which there are few sellers of a commodity.
- (e) Modern theory defines rent as a difference between earnings and transfer earnings.

3. State whether the following statements are *True (T)* or *False (F)* by putting a tick (✓) mark : 1×5=5

(a) Baumol's growth maximization model assumes that growth is desired primarily to increase profitability.

(T / F)

(b) If the percentage increase in the quantity of a goods demanded is smaller than the percentage fall in its price, then elasticity of demand is equal to zero.

(T / F)

(c) In general, most of the production function measures the relations between changes in physical input and physical output.

(T / F)

(d) The strength of the monopolist may be assessed by the size of his total revenue.

(T / F)

(e) Liquidity preference theory of interest is a Keynesian theory.

(T / F)

4. Write short notes on the following :

2×5=10

(a) Deflation

(b) Cross-elasticity of demand

(c) External economies

(d) Degrees of price discrimination

(c) Net profit
