2018

(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

1. (a) What is deflation? Explain the effects of deflation. Suggest some measures to control deflation. 2+4+3=9

Or

(b) Explain the profit maximization theory of a firm. 9

2. *(a)* Explain the different methods of measuring price elasticity of demand. 9

Or

(b) Explain briefly the different determinants of price elasticity of demand. 9

3. *(a)* State and explain the law of variable proportion with a suitable diagram. 9

Or

(b) Why is the long-run average cost curve L-shaped? Answer with proper reasons. 9

4. *(a)* What is monopolistic competition? How does it determine price and output in the short run? 2+7=9

Or

(b) Explain Cournot's duopoly model. State its criticism. 6+3=9

5. *(a)* What is profit? Briefly explain the nature of profit. 2+7=9

Or

(b) Critically discuss the Ricardian theory of rent. 9

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2018

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COMMERCE

Paper No. : BC–202

(Business Economics)

(PART : A—OBJECTIVE)

(*Marks* : 25)

The figures in the margin indicate full marks for the questions

Answer **all** questions

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

(*a*) When the elasticity is measured at a point on a straight line demand curve, it is known as

(*i*) perfect elasticity of demand ( )

(*ii*) point elasticity of demand ( )

(*iii*) arc elasticity of demand ( )

(*iv*) income elasticity of demand ( )

(*b*) A firm in the short run is considered to be in equilibrium when

(*i*) AC is constant ( )

(*ii*) MC < MR ( )

(*iii*) AC is minimum ( )

(*iv*) MC = MR ( )

(c) Kinked demand curve is the theory of

(i) monopoly ( )

(ii) collusive oligopoly ( )

(iii) non-collusive oligopoly ( )

(iv) None of the above ( )

(d) Price discrimination leads to

(i) increase in output ( )

(ii) decrease in output ( )

(iii) constant output ( )

(iv) None of the above ( )

(e) The marginal productivity theory of wage determination is based on the assumption of

(i) perfect competition ( )

(ii) monopoly ( )

(iii) oligopoly ( )

(iv) monopolistic competition ( )

2. Fill in the blanks : 1×5=5

(a) Income derived from machines and other appliances made by man during the short period is called ....

(b) A .... is an association of independent firms within the same industry.

(c) An .... curve is a curve along which the maximum achievable rate of production is constant.

(d) The .... demand for money rises with a fall in the rate of interest.

(e) Effective demand is determined by ....

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

(a) Sales maximization revenue was introduced by Marris.

(*T* / *F*)

(b) The law of variable proportion assumes one factor variable and other factors constant.

(*T* / *F*)

(c) Discriminating monopoly is profitable if two markets have different elasticities of demand.

(*T* / *F*)

(d) Cross elasticity of demand between two perfect substitutes may be zero.

(*T* / *F*)

(e) Deflation paves the way for recovery.

(*T* / *F*)

4. Write short notes on the following : 2×5=10

(a) Reflation

(b) Determinants of elasticity of demand

(c) Ridge lines

(d) Price leadership

(e) Characteristics of perfect competition

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