

2019

(2nd Semester)

COMMERCE

Paper : 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) Discuss in brief the characteristics and scope of business economics. 4+5=9

Or

- (b) Discuss the causes of inflation. 9

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

Or

- (b) Explain the price elasticity of demand with diagrammatic representation.

3. (a) What do you mean by returns to scale? State and explain the law of diminishing returns to scale. 2+7=9

Or

- (b) Explain different cost concepts in short run. 9

4. (a) Discuss the features of perfect competition market. 9

Or

- (b) Explain the features of monopoly market.

5. (a) Discuss the wage determination under perfect competition. 9

Or

- (b) What is rent? Explain in brief Ricardian theory of rent. 2+7=9

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(Business Economics)**(PART : A—OBJECTIVE)**

(Marks : 25)

The figures in the margin indicate full marks for the questions

Answer **all** questions

1. State whether the following statements are *True (T)* or *False (F)* by putting a Tick (✓) mark against the appropriate option : 1×5=5
- (a) Cost-push inflation may also be caused by increase in profit margin by producers.
(T / F)
- (b) The process of deficit financing increases the money supply in the economy.
(T / F)
- (c) Perfectly inelastic demand means that the quantity demanded is not at all responsive to price.
(T / F)
- (d) The change in quantity demanded is greater than change in income' represents unitary income elasticity.
(T / F)

(e) An isoquant slopes downward from left to right.

(T / F)

2. Choose the correct answer by putting a Tick (✓) mark in the brackets provided : 1×10=10

(a) In modern concept, the long-run AC curve is

- (i) U shaped ()
- (ii) L shaped ()
- (iii) upward sloping ()
- (iv) downward sloping ()

(b) In long run

- (i) some factors are fixed ()
- (ii) all factors are variable ()
- (iii) no factors are variable ()
- (iv) only one factor is variable ()

(c) Monopoly market has

- (i) one seller ()
- (ii) two sellers ()
- (iii) three sellers ()
- (iv) many sellers ()

- (d) The profit of a firm is maximum when its
- (i) $MR = MC$ ()
 - (ii) $MR > MC$ ()
 - (iii) $MR < MC$ ()
 - (iv) None of the above ()
- (e) Market price refers to
- (i) short period price ()
 - (ii) long period price ()
 - (iii) All of the above ()
 - (iv) None of the above ()
- (f) Quasi-rent arises in the
- (i) short period ()
 - (ii) long period ()
 - (iii) both short and long periods ()
 - (iv) None of the above ()
- (g) Interest is the price paid for the use of
- (i) land ()
 - (ii) property ()
 - (iii) capital ()
 - (iv) None of the above ()

Super normal profit exists in the

- (i) market period ()
- (ii) short period ()
- (iii) long period ()
- (iv) any period ()

(i) Business economics is of highly

- (i) micro-economics character ()
- (ii) macro-economics character ()
- (iii) Either of (i) or (ii) ()
- (iv) None of two ()

(j) Which of the following commodities constitutes joint demand?

- (i) Rubber and Pencil ()
- (ii) Pen and Ink ()
- (iii) Tea and Coffee ()
- (iv) None of the above ()

(5)

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

(a) Deflation

(b) Price elasticity of demand

(c) Short-run cost function

(d) Oligopoly

(e) Transfer earnings
