

2016

(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 deflation? State and analyze the factors causing deflation. 2+7=9

Or

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

2. (a) State and explain different methods of measurement of elasticity of demand. 9

Or

- (b) Explain the determinants of elasticity of demand. 9

3. (a) "The least cost combination is an optimum combination for producers." Explain. 9

Or

- (b) What do you mean by returns to scale? Discuss the three stages of the law. 2+7=9

4. (a) What is perfect competition? Discuss the long-run equilibrium of a firm under perfect competition. 2+7=9

Or

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

5. (a) Explain Keynes' principal theory of effective demand. 9

Or

- (b) What is profit? Briefly explain the nature of profit. 2+7=9

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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) Rapid rise in prices at the rate of 10%-20% per annum is

- (i) hyperinflation ()
 (ii) walking inflation ()
 (iii) running inflation ()
 (iv) creeping inflation ()

(b) In case of a close substitute, the numerical value of cross elasticity of demand is

- (i) low ()
 (ii) very high ()
 (iii) zero ()
 (iv) negative ()

(c) When total product is at maximum, the marginal product

(i) becomes negative ()

(ii) becomes low ()

(iii) becomes zero ()

(iv) does not change ()

(d) Equilibrium level in monopoly is that level of output in which

(i) $MR = MC$ ()

(ii) $MR = AR$ ()

(iii) $MC = AC$ ()

(iv) $MR = AC$ ()

(e) According to Keynes, effective demand represents the total money spent on

(i) savings and investment ()

(ii) consumption and savings ()

(iii) savings and consumption ()

(iv) consumption and investment ()

2. Fill in the blanks :

1×5=5

(a) developed a dynamic balanced growth maximizing model of the firm.

(b) Under perfectly elastic demand, the shape of demand curve is

(c) The law of variable proportion is also known as

(d) The and other selling costs by a firm change the demand for the product.

(e) Factor demand is a demand.

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

(a) Debtors are the gainers during inflation.

(T / F)

(b) Price is one of the important determinants of demand.

(T / F)

(c) Explicit costs are the cost of self-owned factors.

(T / F)

(d) Under oligopoly, the firms are interdependent in making decision.

(T / F)

(e) Say's law of market is based on the proposition that there is unemployment in the economy.

(T / F)

4. Write short notes on the following : $2 \times 5 = 10$

(a) Inflation

(b) Income elasticity of demand

(c) Ridge lines

(d) Collusive oligopoly

(e) Gross profit
