

2017

(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 the relation between inflation and value of money? What are the effects of inflation on production and distribution? 2+7

Or

- (b) Briefly explain Baumol's sales maximization model. 9

2. (a) Explain various types of elasticity of demand with suitable diagrams. 9

Or

- (b) Explain the importance of elasticity of demand and the factors that determine the elasticity of demand. 9

3. (a) What is the difference between level of production and scale of production? What are the causes of internal and external economies of scale? 2+7

Or

- (b) Explain different cost curves of a firm with a schedule and diagram. 9

4. (a) What is price discrimination? What are different degrees of price discrimination? 3+6

Or

- (b) What is price leadership? How do the firms under oligopoly determine price and output when there is price leader? 2+7

5. (a) Briefly explain the modern theory of rent. 9

Or

- (b) What are the three motives of demand for money in Keynesian theory of interest? 9

2017

(2nd Semester)

COMMERCE

Paper No. : BC-202

(Business Economics)

(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) When the price of a product is ₹ 20 a buyer demands 200 units. What amount will be demanded by the buyer at price ₹ 25 if his demand is unit elastic?

(i) 200 ()

(ii) 150 ()

(iii) 100 ()

(iv) 50 ()

(b) Planning curve refers to

(i) AVC curve ()

(ii) long-run AC curve ()

(iii) AC curve ()

(iv) MC curve ()

(c) Long-term equilibrium of a firm under perfectly competitive market situation shall have

- (i) $MC=MR$ ()
- (ii) MC cuts MR from below ()
- (iii) Both (i) and (ii) ()
- (iv) None of the above ()

(d) Shutdown point of a firm is a situation where

- (i) $AR = AC$ ()
- (ii) $AR > AC$ ()
- (iii) $AR = AVC$ ()
- (iv) $AR > AVC$ ()

(e) Economic rent is a surplus return over

- (i) retained earnings ()
- (ii) transfer earnings ()
- (iii) Both (i) and (ii) ()
- (iv) None of the above ()

2. Fill in the blanks :

1×5=5

(a) An explicit agreement between the oligopoly firms is called

(b) According to Keynes, interest is purely a phenomenon.

(c) When average cost is ₹ 25 and marginal cost is ₹ 30, average cost curve will be sloping

(d) An is defined as the locus of various combinations of factors which a firm can buy with a constant outlay.

(e) The short-run earnings of a machine is the short run. Cost of keeping it in running order is known as

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) Reflation is a type of controlled inflation.

(T / F)

(b) There is no difference between a firm and an industry in case of perfect competition.

(T / F)

(c) In case of increasing return to scale, the gap between the successive isoquants also increase.

(T / F)

(d) The point at which average revenue is equal to average cost the firm earns normal profit.

(T / F)

(e) Implicit cost is the cost of self-owned and self-employed resources.

(T / F)

4. Write short notes on the following :

2×5=10

(a) Cross elasticity of demand

(b) Area of economic nonsense

(c) Quasi-rent

(d) Discriminating monopoly

(e) Wage flexibility
