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(2nd Semester)

COMMERCE

Paper : 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 brackests provided :   1×10=10

   (a) The shortage of anticipated expenditure compared with the available output of goods and services at base prices refer to

   (i) deflation   (   )

   (ii) inflation   (   )

   (iii) reflation   (   )

   (iv) None of the above   (   )

(b) The theory of 'revenue maximization' was propounded by

(i) W. J. Baumol ( )

(ii) Robin Marris ( )

(iii) David Ricardo ( )

(iv) Chamberlin ( )

(c) If the percentage increase in the quantity of a good demanded is smaller than the percentage fall in its price, then the elasticity of demand is

(i) > 1 ( )

(ii) = 1 ( )

(iii) < 1 ( )

(iv) = 0 ( )

(d) The cross-elasticity of demand of unrelated goods is

(i) one ( )

(ii) zero ( )

(iii) infinite ( )

(iv) None of the above ( )

BF BC 202/240

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

    (i) U-shaped   ( )

    (ii) L-shaped   ( )

    (iii) upward sloping   ( )

    (iv) downward sloping   ( )

(f) The concept of 'fixed cost' is relevant to

    (i) short period   ( )

    (ii) long period   ( )

    (iii) both short and long periods   ( )

    (iv) None of the above   ( )

(g) Under perfect competition, the AR curve of the firm is

    (i) downward sloping   ( )

    (ii) vertical   ( )

    (iii) horizontal   ( )

    (iv) U-shaped   ( )

(h) The price rigidity exists in

    (i) monopoly   ( )

    (ii) perfect competition   ( )

    (iii) oligopoly   ( )

    (iv) monopolistic competition   ( )

(i) According to whom 'rent is a differentia surplus'?

    (i) David Ricardo   ( )

    (ii) Alfred Marshall   ( )

    (iii) Robbins   ( )

    (iv) None of them   ( )

(j) The concept of 'liquidity preference' is the desire of public to hold

    (i) cash   ( )

    (ii) capital   ( )

    (iii) shares   ( )

    (iv) None of the above   ( )

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

(a) During inflation, purchasing power of money falls.

(*T* / *F*)

(b) Tea and coffee are the examples of complementary goods.

(*T* / *F*)

(c) Isoquant is convex to the origin due to decreasing MRTS

(*T* / *F*)

(d) Price discrimination is generally possible in oligopoly market

(*T* / *F*)

(e) 'Quasi-rent' concept is relevant only for short period

(*T* / *F*)

3. Write short notes on any *five* of the following : 2×5

(a) Reflation

(b) Complementary goods

(c) Increasing returns to scale

(d) Expansion path

(e)   Selling cost

(f) Collusive oligopoly

(g) Gross profit and net profit

(h) Liquidity preference

★ ★ ★

2 0 2 2

(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)* What is deflation What are the causes of deflation? Suggest some measures to control deflation   2+4+3=9

Or

(b) Explain profit maximization theory of firm   9

2. *(a)* What is elasticity of demand? Briefly explain the different types of elasticity of demand. 2+7=9

Or

(b) *(i)* Explain the determinants of price elasticity of demand. 5

(ii) Given the price of good *X* equal to ₹ 15, the quantity demanded is 100 units. When the price of the good increases to ₹ 25, quantity demanded falls to 60 units. Calculate price elasticity of demand. 4

3. *(a)* What is short-run production function? Explain the different stages of law of variable proportion. 2+7=9

Or

(b) What is cost? Explain the different types of short run cost curves with diagram 2+7=9

4. *(a)* What is monopoly? Explain how price and output are determined in a monopoly market. 2+7=9

Or

(b) What is monopolistic market? Explain the features of monopolistic market 2+7=9

5. (a) Explain how wage is determined in a perfect competitive market. 9

<div align="center">Or</div>

(b) What is Say's law? Explain in brief the propositions and implications of Say's law 2+4+3=9

<div align="center">★ ★ ★</div>