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(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

Or

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

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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 ()

(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 differential 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 : $2 \times 5 = 10$

(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
