

2018

( 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 deflation? Explain the effects of deflation. Suggest some measures to control deflation. 2+4+3=9

Or

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

2. (a) Explain the different methods of measuring price elasticity of demand. 9

Or

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

3. (a) State and explain the law of variable proportion with a suitable diagram. 9

Or

- (b) Why is the long-run average cost curve L-shaped? Answer with proper reasons. 9

4. (a) What is monopolistic competition? How does it determine price and output in the short run? 2+7=9

Or

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

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

Or

- (b) Critically discuss the Ricardian theory of rent. 9

\*\*\*

2018

( 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*

Answer **all** questions

1. Choose the correct answer by putting a Tick (✓) mark in the brackets provided : 1×5=5
- (a) When the elasticity is measured at a point on a straight line demand curve, it is known as
- (i) perfect elasticity of demand ( )
  - (ii) point elasticity of demand ( )
  - (iii) arc elasticity of demand ( )
  - (iv) income elasticity of demand ( )
- (b) A firm in the short run is considered to be in equilibrium when
- (i) AC is constant ( )
  - (ii)  $MC < MR$  ( )
  - (iii) AC is minimum ( )
  - (iv)  $MC = MR$  ( )

(c) Kinked demand curve is the theory of

- (i) monopoly ( )
- (ii) collusive oligopoly ( )
- (iii) non-collusive oligopoly ( )
- (iv) None of the above ( )

(d) Price discrimination leads to

- (i) increase in output ( )
- (ii) decrease in output ( )
- (iii) constant output ( )
- (iv) None of the above ( )

(e) The marginal productivity theory of wage determination is based on the assumption of

- (i) perfect competition ( )
- (ii) monopoly ( )
- (iii) oligopoly ( )
- (iv) monopolistic competition ( )

2. Fill in the blanks :

1×5=5

(a) Income derived from machines and other appliances made by man during the short

period is called .....

(b) A ..... is an association of independent firms within the same industry.

(c) An ..... curve is a curve along which the maximum achievable rate of production is constant.

(d) The ..... demand for money rises with a fall in the rate of interest.

(e) Effective demand is determined

by .....



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) Sales maximization revenue was introduced by Marris.

( T / F )

(b) The law of variable proportion assumes one factor variable and other factors constant.

( T / F )

(c) Discriminating monopoly is profitable if two markets have different elasticities of demand.

( T / F )

(d) Cross elasticity of demand between two perfect substitutes may be zero.

( T / F )

(e) Deflation paves the way for recovery.

( T / F )

( 5 )

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

(a) Reflation

(b) Determinants of elasticity of demand



(c) Ridge lines

(d) Price leadership

(d) Price leadership

(a) Price fixing

(e) Characteristics of perfect competition

\*\*\*