

**2 0 1 7**

( 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 )

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

( 3 )

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

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