

**BE/BC-202**

**2 0 1 8**

( 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 )

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

\*\*\*