

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 .....

( 4 )

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 :

2×5=10

(a) Reflation

( 6 )

(b) Determinants of elasticity of demand

( 7 )

(c) Ridge lines

(d) Price leadership



( 9 )

(e) Characteristics of perfect competition

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