

**2019**

**( 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) Discuss in brief the characteristics and scope of business economics. 4+5=9

Or

- (b) Discuss the causes of inflation. 9

2. (a) Explain the importance of elasticity of demand. 9

Or

- (b) Explain the price elasticity of demand with diagrammatic representation.

3. (a) What do you mean by returns to scale? State and explain the law of diminishing returns to scale. 2+7=9

Or

- (b) Explain different cost concepts in short run. 9

4. (a) Discuss the features of perfect competition market. 9

Or

- (b) Explain the features of monopoly market.

5. (a) Discuss the wage determination under perfect competition. 9

Or

- (b) What is rent? Explain in brief Ricardian theory of rent. 2+7=9

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2019

( 2nd Semester )

**COMMERCE**

Paper : BC-202

( **Business Economics** )

( PART : A—OBJECTIVE )

( Marks : 25 )

*The figures in the margin indicate full marks for the questions*

Answer **all** questions

1. State whether the following statements are *True (T)* or *False (F)* by putting a Tick (✓) mark against the appropriate option : 1×5=5
- (a) Cost-push inflation may also be caused by increase in profit margin by producers.  
( T / F )
- (b) The process of deficit financing increases the money supply in the economy.  
( T / F )
- (c) Perfectly inelastic demand means that the quantity demanded is not at all responsive to price.  
( T / F )
- (d) The change in quantity demanded is greater than change in income' represents unitary income elasticity.  
( T / F )

(e) An isoquant slopes downward from left to right.

( T / F )

2. Choose the correct answer by putting a Tick (✓) mark in the brackets provided :  $1 \times 10 = 10$

(a) In modern concept, the long-run AC curve is

- (i) U shaped ( )
- (ii) L shaped ( )
- (iii) upward sloping ( )
- (iv) downward sloping ( )

(b) In long run

- (i) some factors are fixed ( )
- (ii) all factors are variable ( )
- (iii) no factors are variable ( )
- (iv) only one factor is variable ( )

(c) Monopoly market has

- (i) one seller ( )
- (ii) two sellers ( )
- (iii) three sellers ( )
- (iv) many sellers ( )

(d) The profit of a firm is maximum when its

- (i)  $MR = MC$  ( )
- (ii)  $MR > MC$  ( )
- (iii)  $MR < MC$  ( )
- (iv) None of the above ( )

(e) Market price refers to

- (i) short period price ( )
- (ii) long period price ( )
- (iii) All of the above ( )
- (iv) None of the above ( )

(f) Quasi-rent arises in the

- (i) short period ( )
- (ii) long period ( )
- (iii) both short and long periods ( )
- (iv) None of the above ( )

(g) Interest is the price paid for the use of

- (i) land ( )
- (ii) property ( )
- (iii) capital ( )
- (iv) None of the above ( )

- (h) Super normal profit exists in the
- (i) market period ( )
  - (ii) short period ( )
  - (iii) long period ( )
  - (iv) any period ( )
- (i) Business economics is of highly
- (i) micro-economics character ( )
  - (ii) macro-economics character ( )
  - (iii) Either of (i) or (ii) ( )
  - (iv) None of two ( )
- (j) Which of the following commodities constitutes join demand?
- (i) Rubber and Pencil ( )
  - (ii) Pen and Ink ( )
  - (iii) Tea and Coffee ( )
  - (iv) None of the above ( )

3. Write short notes on the following : 2×5=10

- (a) Deflation

(b) Price elasticity of demand

(c) Short-run cost function

(d) Oligopoly

(c) Short-run cost function

(e) Transfer earnings