

**BE/BC-202**

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( 2nd Semester )

**COMMERCE**

Paper : BC-202

**( Business Economics )**

( PART : A—OBJECTIVE )

( Marks : 25 )

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

**1.** Choose and write the correct answer from the options provided : 1×10=10

(a) Increase in 'Public Expenditure' is an

(i) anti-inflationary measure

(ii) anti-deflationary measure

(iii) Both (i) and (ii)

(iv) None of the above

(b) Who is gainer during inflation?

(i) Creditors

(ii) Debtors

(iii) Fixed income group

(iv) All of the above

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- (c) Which of the following is an example of 'derived demand'?
- (i) Car
  - (ii) Furniture
  - (iii) Bread
  - (iv) Labour
- (d) In case of Giffen goods, fall in price leads to
- (i) increase in demand
  - (ii) decrease in demand
  - (iii) no change in demand
  - (iv) None of the above
- (e) Cost of the production of a firm is influenced by
- (i) size of a firm
  - (ii) level of technology
  - (iii) level of output
  - (iv) All of the above
- (f) Average total cost is defined as
- (i)  $TC/Q$
  - (ii)  $TVC/Q$
  - (iii)  $TFC/Q$
  - (iv)  $ATC/AQ$

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- (g) The shape of 'AR' curve in perfect competition is
- (i) 'U' shaped
  - (ii) vertical straight line
  - (iii) horizontal line
  - (iv) a 45° straight line
- (h) Price rigidity exists in
- (i) monopoly
  - (ii) monopolistic competition
  - (iii) perfect competition
  - (iv) oligopoly
- (i) The concept of 'quasi-rent' is a concept of
- (i) long run
  - (ii) short run and temporary in nature
  - (iii) short run and permanent in nature
  - (iv) All of the above
- (j) Which 'factor's income' is termed as 'residual income'?
- (i) Wage
  - (ii) Rent
  - (iii) Profit
  - (iv) Interest

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2. State whether the following statements are True or False : 1×5=5

- (a) A mild inflation is a sign of healthy growth of economy.
- (b) The cross-elasticity of demand for complementary goods is negative.
- (c) The shape of Average Fixed Cost (AFC) curve is 'U' shaped.
- (d) 'Kinked demand curve model' was presented by Adam Smith.
- (e) Classical theory of employment is based on the concept of 'Laissez-faire' economy.

3. Write short notes on any *five* of the following : 2×5=10

- (a) Objectives of the firm
- (b) Structural unemployment
- (c) Shut-down point
- (d) Oligopoly
- (e) Economic rent
- (f) Money wage and real wage
- (g) Deflation
- (h) Say's law of markets

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