2017

(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

1. Choose the correct answer by putting a Tick (✓) mark in the brackets provided : 1×5=5

(a) When the price of a product is ₹ 20 a buyer demands 200 units. What amount will be demanded by the buyer at price ₹ 25 if his demand is unit elastic?

(i) 200 ( )

(ii) 150 ( )

(iii) 100 ( )

(iv) 50 ( )

(b) Planning curve refers to

(i) AVC curve ( )

(ii) long-run AC curve ( )

(iii) AC curve ( )

(iv) MC curve ( )

(c) Long-term equilibrium of a firm under perfectly competitive market situation shall have

(i) MC=MR ( )

(ii) MC cuts MR from below ( )

(iii) Both (i) and (ii) ( )

(iv) None of the above ( )

(d) Shutdown point of a firm is a situation where

(i) AR = AC ( )

(ii) AR > AC ( )

(iii) AR = AVC ( )

(iv) AR > AVC ( )

(e) Economic rent is a surplus return over

(i) retained earnings ( )

(ii) transfer earnings ( )

(iii) Both (i) and (ii) ( )

(iv) None of the above ( )

2. Fill in the blanks : 1×5=5

(a) An explicit agreement between the oligopoly firms is called ....

(b) According to Keynes, interest is purely a .... phenomenon.

(c) When average cost is ₹ 25 and marginal cost is ₹ 30, average cost curve will be sloping ....

(d) An .... is defined as the locus of various combinations of factors which a firm can buy with a constant outlay.

(e) The short-run earnings of a machine is the short run. Cost of keeping it in running order is known as ....

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) Reflation is a type of controlled inflation.

(*T* / *F*)

(b) There is no difference between a firm and an industry in case of perfect competition.

(*T* / *F*)

(c) In case of increasing return to scale, the gap between the successive isoquants also increase.

(*T* / *F*)

(d) The point at which average revenue is equal to average cost the firm earns normal profit.

(*T* / *F*)

(e) Implicit cost is the cost of self-owned and self-employed resources.

(*T* / *F*)

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

(a) Cross elasticity of demand

(b) Area of economic nonsense

(c) Quasi-rent .

(*d*) Discriminating monopoly

(e) Wage flexibility

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