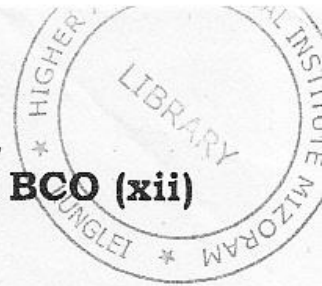# 2 0 1 0

COMMERCE

Paper : BC–3·3

(Business Economics)

Full Marks : 100
Pass Marks : 30

Time : 3 hours

(PART : B—DESCRIPTIVE)

(Marks : 60)

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

Answer *any* **three** questions

1. Define Consumer Surplus. What are the factors determining elasticity of demand? Also highlight the importance of elasticity of demand. 4+10+6=20

2. Distinguish between fixed and variable costs. What is the difference between short-run and long-run costs? How would you determine the cost-output relation by the short-run cost curve? 2+3+15=20

(Turn Over)

(2)

3. Define Perfect Competition. Show how equilibrium of a firm and industry is achieved in the short run and long run.   3+17=20

4. What is Monopoly? Is monopoly price necessarily high? How is price determined under monopoly in the short run?   5+2+13=20

5. "Under perfect competition, a worker cannot be paid a wage higher than its marginal productivity." Explain.   20

6. Define profit and its characteristics. Distinguish between gross and net profit. Explain the various theories of profit.   5+2+13=20

★ ★ ★

2 0 1 0

COMMERCE

Paper : BC–3·3

(Business Economics)

(PART : A—OBJECTIVE)

(*Marks* : 40)

The figures in the margin indicate full marks for the questions

SECTION—I

(*Marks* : 10)

1. Tick (✓) the correct answer in the brackets provided :

$1 \times 3 = 3$

(a) When the total utility is maximum

   (i) marginal utility is maximum ( )

   (ii) marginal utility is zero ( )

   (iii) marginal utility remains the same ( )

   (iv) marginal utility is equal to total utility ( )

(b) Average cost curve is

   (i) U-shaped ( )

   (ii) C-shaped ( )

   (iii) Horizontal ( )

   (iv) Backward slopping ( )

(c) Profit is a

   (i) residual income ( )

   (ii) contractual income ( )

   (iii) certain income ( )

   (iv) negative income ( )

2. State whether the following statements are *True (T)* or *False (F)* by a Tick (✓) mark : 1×3=3

(a) According to Ricardo, rent does not enter into price.

(T / F)

(b) Two indifference curves may intersect each other.

(T / F)

(c) Interest is the reward for waiting.

(T / F)

3. Fill in the blanks :   1×4=4

   (a) Demand for luxury goods is ....

   (b) An indifference curve .... downwards from left to right.

   (c) The difference between fixed and variable costs holds good only in the .... period.

   (d) In the long run all costs are ....

SECTION—II

(*Marks* : 30)

4. Write short notes on the following in not more than 5 sentences each : 3×10=30

   (a) Concept of cardinal utility

(b) Meaning of monopolistic competition

(7)

(c) Demand forecasting

(d) Quasi-rent

(e) Production function

(f)   Concept of interest

(g) Price discrimination

(h) Increasing return to scale

(i) Unit elasticity of demand

(j) Marginal product

★ ★ ★