

III/BCO (xii)

2011

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. What is elasticity of demand? Discuss the price, income and cross-elasticities of demand. 4+16=20

2. What do you mean by return to scale? Discuss the long-run analysis of production. What are the causes of increasing return to scale? 2+12+6=20

g11—250/115a

(Turn Over)

(2)

3. What are the assumptions of a monopolistic competition? Evaluate upon price and output determination under monopolistic competition. 4+16=20
4. Explain the meaning of quasi-rent. Highlight the Ricardian theory of rent. 4+16=20
5. What is the concept of interest? Discuss the Keynesian theory of interest. 3+17=20
6. What is demand forecasting? What are the various techniques of demand forecasting? 4+16=20

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(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 :

1×3=3

(a) Under perfect competition

(i) there are many sellers and one buyer ()

(ii) there are many sellers and many buyers ()

(iii) there is one seller and one buyer ()

(2)

(b) Average cost curve falls sharply when

- (i) output decreases ()
- (ii) output increases ()
- (iii) output remains the same ()

(c) Under monopoly

- (i) MR curve lies below AR curves ()
- (ii) MR curve lies above AR curves ()
- (iii) MR curve is parallel to AR curves ()

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

(a) The product of a monopolist has close substitute.

(T / F)

(b) Prime cost means fixed cost.

(T / F)

(c) The variable cost of commodity is nil when output is nil.

(T / F)

(3)

3. Fill in the blanks : 1×4=4

(a) In the long-run, all costs are

(b) Under perfect competition, the demand curve
faced by a firm is

(c) A monopolist's average revenue curve
slopes

(d) The law of variable proportions assumes that all
units of variable factors are
in character.

(4)

SECTION—II

(Marks : 30)

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

(a) Factor pricing

(5)

(b) Price discrimination

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(6)

(c) Fixed and variable costs

(7)

(d) Objectives of a business firm



(e) Isoquants

(f) Assumptions of perfect competition

(g) Monopoly

(i) Theory of demand

(13)

(j) Business economics

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