

**III/BCO (xii)**

**2013**

**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 elasticity of demand. Discuss the determinants and importance of elasticity of demand. 4+16
2. What are the assumptions of monopolistic competition? Evaluate upon the price and output determination under monopolistic competition. 4+16

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*( Turn Over )*

( 2 )

3. What do you mean by demand forecasting?  
Also highlight the various techniques of  
demand forecasting. 3+17
4. Define interest. Discuss the Keynesian theory  
of interest. 4+16
5. Distinguish between Gross profit and Net  
profit. Examine Schumpeter's innovation  
theory of profit. 5+15
6. Write notes on any *two* of the following :  
10×2=20
- (a) Definition and scope of business  
economics
  - (b) Behaviour of short-run cost curve
  - (c) Ricardian theory of rent
  - (d) Comparison between monopoly and  
perfect competition

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**III/BCO (xii)**

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**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 :**

**1×3=3**

**(a) The curve on which combinations of goods are shown is known as**

**(i) indifference curve ( )**

**(ii) demand curve ( )**

**(iii) long-run cost curve ( )**

**(iv) None of the above ( )**

( 2 )

(b) The firm can earn maximum profits only at that level of output where

(i)  $MR > MC$  ( )

(ii)  $MR < MC$  ( )

(iii)  $MR = MC$  ( )

(iv) None of the above ( )

(c) In the short-run, average cost curve is dependent on the

(i) law of increasing return ( )

(ii) law of decreasing return ( )

(iii) law of variable proportion ( )

(iv) None of the above ( )

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

(a) Monopolistic competition is a competition where pure monopoly prevails but not perfect competition.

( T / F )

( 3 )

- (b) In the short-run, average cost curve is always U-shaped.

( T / F )

- (c) Under monopoly the MR curve lies below AR curve.

( T / F )

3. Fill in the blanks :

1×4=4

- (a) The elasticity at the mid-point of the demand curve is known as .....

- (b) Under perfect competition, the demand for the product of an individual firm is .....

- (c) If the supply of land is absolutely inelastic, the transfer earnings will be .....

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



( 4 )

SECTION—II

( Marks : 30 )

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

(a) Price elasticity

( 5 )

(b) Factor pricing

( 6 )

(c) Monopoly



( 7 )

(d) Consumer surplus

(e) Isoquants

( 9 )

(f) Properties of an indifference curve

( 10 )

(g) Opportunity cost

( 11 )

(h) Price discrimination

( 12 )

(i) Return to scale



( 13 )

(j) Relationship between AR curve and MR curve

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