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(April)

COMMERCE

(Honours)

(Business Economics)

(BC–201)

Marks : 75

Time : 3 hours

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

1. Define business economics and highlight its importance to a business firm. Do you need to have knowledge of other allied subjects to use it more effectively? Explain.   2+3+10=15

Or

Write a note on the role and responsibilities of a managerial economist in business. 7+8=15

2. Define elasticity of demand. State different degrees of price elasticity of demand. Explain how price elasticity of demand can be measured by total expenditure method.

2+6+7=15

(Turn Over)

(2)

What is indifference curve? What are its properties? Explain how a consumer attains equilibrium in terms of indifference curve technique. 2+5+8=15

3. Define production function. Discuss the three stages of short-run production function with suitable diagram. 3+12=15

Or

Distinguish between returns to a factor and returns to scale. Show that—

(a) $MRTS_{xy}$ = slope of the isoquant;

(b) no two isoquants can intersect each other. 5+5+5=15

4. Discuss the concepts of Total Cost (TC), Average Cost (AC) and Marginal Cost (MC) with illustration. Graphically show the relationship between AC and MC. 9+6=15

Or

Bring out a clear distinction between fixed cost and variable cost. Explain why the short-run AC curve is U-shaped whereas the long-run AC curve is invariably flatter. 5+5+5=15

(3)

5. When do we say the market is perfectly competitive? Discuss the short-run equilibrium of the firm under perfect competition. 5+10=15

Or

What is meant by price discrimination? Explain the conditions under which price discrimination is possible. 5+10=15

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