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(July)

COMMERCE

(Honours)

(Business Economics)

(BC–201)

(Under Revised Syllabus)

Marks : 75

Time : 3 hours

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

1. *(a)* Discuss the role of business economics in business decision-making.   6

   (b) Show how business economics is related to—

      (i) microeconomics;

      (ii) statistics;

      (iii) macroeconomics.   3×3=9

   Or

   (a) Define a business firm and explain its main objectives.   2+7=9

   (b) What are the role and responsibilities of a managerial economist?   6

2. *(a)* What are the major determinants of demand?   4

   (b) Explain the various degrees of price elasticity with diagrams.   8

   (c) If the elasticity of demand is equal to 1, 5 kg grapes are demanded at ₹ 16 per kg. At what price 6 kg grapes will be demanded?   3

   Or

   (a) Explain the law of equi-marginal utility. How does it explain consumer's equilibrium?   2+6=8

   (b) Distinguish between cardinal utility and ordinal utility. Which is more realistic? Discuss.   3+4=7

3. *(a)* State and illustrate the law of variable proportion.   2+8=10

   (b) Distinguish between returns to scale and returns to a factor.   5

   Or

   Define production function. Show the difference between the concepts of isocost and isoquant. Also explain the various properties of isoquants with diagrams.   2+5+8=15

4. Differentiate between fixed cost and variable cost with illustration. Explain the reasons for the U-shape of the short-run average cost curve.   8+7=15

   Or

   (a) Cost function of a firm is given below :

Output (Units)	0	1	2	3	4	5	6
Total Cost (₹)	60	80	100	111	116	130	150

      Find the following :   2×5=10

      (i) Total Fixed Cost (TFC)

      (ii) Total Variable Cost (TVC)

      (iii) Average Fixed Cost (AFC)

      (iv) Average Variable Cost (AVC)

      (v) Marginal Cost (MC)

   (b) Explain diagrammatically why long-run average cost (LAC) is also called 'envelope'.   5

5. Define 'perfect competition' and point out its characteristics. Discuss how the price is determined under this market condition.   2+6+7=15

   Or

   (a) Differentiate between monopoly and monopolistic competition.   6

   (b) Write notes on the following :   3×3=9

      (i) Multiplant monopoly

      (ii) Bilateral monopoly

      (iii) Mark-up pricing

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