

2/H-76 (iv) (Syllabus-2015)

2022

(May/June)

COMMERCE

(Honours)

(**Business Economics**)

(BC-201)

Marks : 75

Time : 3 hours

The figures in the margin indicate full marks for the questions

UNIT—I

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

- (a) Define a business firm and explain its objectives. $2+5=7$
- (b) Briefly explain the role and responsibilities of a managerial economist in business. $4+4=8$

(2)

UNIT—II

2. Define elasticity of demand. Explain the different degrees of price elasticity of demand. Discuss and illustrate expenditure method of measuring elasticity of demand. 2+6+7=15

Or

Distinguish between cardinal and ordinal approach of consumers' behaviour. Explain why indifference curve analysis is considered superior to Marshallian analysis. Outline the limitations of indifference curve approach. 4+8+3=15

UNIT—III

3. (a) State and explain the law of variable proportion with the help of schedule and diagram. 10
- (b) Compute the elasticity of substitution in case of Cobb-Douglas production function. 5

Or

What is meant by production function? Explain the least cost combination of a firm by using isoquant map and isocost lines. 3+12=15

(3)

UNIT—IV

4. Distinguish between fixed cost and variable cost. Explain why the long-run AC curve is an envelope of the short-run AC curve. 5+5+5=15

Or

Discuss the concepts of TC, AC and MC with illustration. Graphically show the relationship between AC and MC. 9+6=15

UNIT—V

5. Define perfect competition and explain its features. Discuss how price is determined under this market condition. 2+6+7=15

Or

- (a) Differentiate between monopoly and monopolistic competition. 5
- (b) Explain the conditions under which price discrimination is possible and profitable. 5+5=10
