

2/H—76 (iv) (Syllabus–2019)

2 0 2 1

(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

20D/1534

(Turn Over)

(2)

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

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(Continued)

(3)

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

(4)

- (b) Write notes on the following : 3×3=9
- (i) Multiplant monopoly
 - (ii) Bilateral monopoly
 - (iii) Mark-up pricing
