

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

2 0 1 9

(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. Discuss its scope. How is the knowledge of business economics important in decision-making of a firm? 2+8+5=15

Or

- (a) What is a firm? What are the goals of a business firm? 2+5=7
- (b) Discuss the relationship of Business Economics with Statistics and Macroeconomics. 8

2. Define elasticity of demand. What are its major determinants? Illustrate with geometrical method for measuring price elasticity of demand. 2+5+8=15

(2)

Or

What is an indifference curve? State its properties. Explain how a consumer attains equilibrium under indifference curve approach.

2+5+8=15

3. Define production function. Explain short-run production function with the help of a schedule and a diagram.

3+12=15

Or

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

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

(b) no two isoquants can intersect each other.

5+5+5=15

4. (a) Define marginal cost and average cost. Explain the relationship between AC and MC with the help of a diagram.

4+6=10

(b) Complete the following table :

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Units of output (in kg)	TC (₹)	TFC (₹)	TVC (₹)	MC (₹)
0	45			
1	75			
2	100			
3	120			

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(Continued)

(3)

Or

Differentiate between fixed cost and variable cost with illustrations. Explain the reasons for the U-shape of the short-run average cost curve.

8+7=15

5. Define equilibrium of a firm. Explain the short-run equilibrium of firms under perfect competition with suitable diagrams.

5+10=15

Or

- (a) What is price discrimination? 3
- (b) Explain the different degrees of price discrimination. 4
- (c) Show under what conditions price discrimination is profitable. 8

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