

**[ PART-B : Descriptive ]**

Time : 2 hrs. 40 min.

Marks : 50

[ Answer question no.1 & any four (4) from the rest ]

1. Explain Law of Variable Proportion. 10
2. a. What are the determinants of demand? 5+5=10  
b. Define demand schedule and demand curve.
3. a. When price of a commodity is Rs. 4 per unit quantity demand is 20 units. When price falls by 25%, quantity demand increases to 30 units. Find out the price elasticity of demand. 4+6=10  
b. What are the factors that determine the elasticity of demand?
4. a. What are the causes of increasing and decreasing returns to factor? 6+4=10  
b. What is TP, AP and MP?
5. a. Explain five features of perfectly competitive market. 5+5=10  
b. Elaborate five features of monopolistic market.
6. a. From the following data calculate value of TFC, TVC, AC, AVC and AFC: 6+4=10

| Output | 0   | 1   | 2   | 3   | 4   | 5    | 6    |
|--------|-----|-----|-----|-----|-----|------|------|
| TC(Rs) | 400 | 550 | 660 | 790 | 940 | 1150 | 1460 |
- b. Explain fixed cost and variable cost.
7. a. Elaborate the differences between perfectly competitive market and monopoly market. 5+5=10  
b. What are the causes of emergence of monopoly market?
8. a. What is price discrimination? Explain. 3+3+4=10  
b. How to determine equilibrium price and output under perfect competition.

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**BACHELOR OF COMMERCE  
FOURTH SEMESTER  
BUSINESS ECONOMICS  
BCM-401**

(Use separate answer scripts for Objective & Descriptive)

Duration : 3 hrs.

Full Marks : 70

**[ PART-A : Objective ]**

Time : 20 min.

Marks : 20

Choose the correct answer from the following:

1X20=20

1. Normally a demand curve will have the shape:
  - a. Horizontal
  - b. Vertical
  - c. Downward sloping
  - d. Upward sloping
2. Law of demand shows relation between:
  - a. Income and price of commodity.
  - b. Price and quantity of a commodity.
  - c. Income and quantity demanded.
  - d. Quantity demanded and quantity supplied.
3. If quantity demanded is completely unresponsive to changes in price, demand is:
  - a. Inelastic
  - b. Unit elastic
  - c. Elastic
  - d. Perfectly inelastic
4. Price of a product falls by 10% and its demand rises by 30%. The elasticity of demand is:
  - a. 10%
  - b. 30%
  - c. 3
  - d. 1/3
5. If elasticity of demand is very low it shows that the commodity is:
  - a. A necessity
  - b. A luxury
  - c. Has little importance in total budget
  - d. (a) and (c) above
6. When demand is perfectly inelastic, an increase in price will result in:
  - a. A decrease in total revenue.
  - b. An increase in total revenue.
  - c. No change in total revenue.
  - d. A decrease in quantity demanded.
7. A short-run production function assumes that...
  - a. The usage of at least one input is fixed.
  - b. The level of output is fixed.
  - c. All inputs are fixed inputs.
  - d. One factor is variable others are fixed.
8. Diminishing returns refers to increase in output at
  - a. Increasing rate
  - b. Decreasing rate
  - c. Constant rate
  - d. None of the above



9. Land means  
 a. Sea  
 c. Natural forest  
 b. Surface of earth  
 d. All natural resources
10. Which of the following is not an input  
 a. Labour  
 c. Natural resources  
 b. Entrepreneurship  
 d. Production
11. Implicit costs are  
 a. Equal to total fixed costs  
 c. "Payments" for self employed resources.  
 b. Comprised entirely of variable costs  
 d. Always greater in the short run than in the long run.
12. The short is a time period in which  
 a. All resources are fixed.  
 c. The size of the production plant is variable.  
 b. The level of output is fixed.  
 d. Some resources are fixed and others are variable.
13. The marginal product of labour shows the change in total products resulting from a  
 a. One-unit increase in the quantity of a Particular resource used, letting others sources vary  
 c. change in the cost of a variable resource  
 b. One-unit increase in the quantity of a particular resource used, holding constant other resources  
 d. Change in the cost of a fixed resource
14. Variable costs are  
 a. Sunk cost  
 c. Costs that change with the level of production.  
 b. Multiplied by fixed cost.  
 d. Defined as the change in total cost resulting from the production.
15. The shape of average cost curve is-  
 a. Inverse-U shaped  
 c. Downward sloping  
 b. U shaped  
 d. Vertical
16. The post office is often referred to as being a/n  
 a. Oligopoly  
 c. Monopoly  
 b. Monopolistic  
 d. Competitive
17. Where a monopoly firm is able to charge different prices to different individuals is called  
 a. A discriminating monopoly  
 c. An efficient monopoly  
 b. A profit maximizing monopoly  
 d. A price maximizing monopoly
18. For which of the following market structures is it assumed that there are barriers to entry?  
 a. Perfect competition  
 c. Monopoly  
 b. Monopolistic competition  
 d. All of the above

19. Which three of the following characteristics apply to oligopoly?  
 1. A few large firms account for a high percentage of industry output  
 2. Many small firms account for a high percentage of industry output  
 3. Each firm faces a horizontal demand curve  
 4. Each firm faces a downward sloping demand curve  
 5. The industry is often characterized by extensive non-price competition  
 a. 4 and 5  
 c. 3 and 5  
 b. 1 and 5  
 d. 3 and 5
20. A perfectly competitive firm is a  
 a. Price taker  
 c. Discriminator  
 b. Price maker  
 d. None of the above

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