

**MASTER OF COMMERCE  
FIRST SEMESTER [REPEAT]  
BUSINESS ECONOMICS  
MCM-101**

**[USE OMR SHEET FOR OBJECTIVE PART]**

Duration: 3 hrs.

Full Marks: 70

Time: 30 mins.

**(Objective)**

Marks: 20

*Choose the correct answer from the following:*

*1 × 20 = 20*

- The price elasticity of demand in case of necessary goods is
  - Elastic
  - Inelastic
  - One
  - Zero
- Which of the following is not a type of e-commerce?
  - B2B
  - B2C
  - C2C
  - 3R
- When the price rises at a rate of 3-4 per cent per annum, the inflation is called
  - Creeping inflation
  - Walking inflation
  - Running inflation
  - Galloping inflation
- When the probability of each possible outcome is not known, it is called
  - Risk
  - Uncertainty
  - Pooling
  - Asymmetric information
- The difference between actual earning and transfer earning is called as
  - Rent
  - Opportunity cost
  - Quasi-rent
  - Income
- The line CC in Hicks' theory of business cycle represents
  - Full employment ceiling
  - Floor path
  - Equilibrium path
  - Induced investment
- The company's intended market space is defined by
  - Market opportunity
  - Competitive advantage
  - Competitive Environment
  - Value proposition
- The longest phase of a trade cycle is
  - Prosperity
  - Recession
  - Depression
  - Recovery
- The slope of the isoquant is measured by
  - $MRS_{XY}$
  - $MRTS_{LK}$
  - $P_X/P_Y$
  - $E_D$
- A person who tries to avoid taking risk is known as
  - Risk lover
  - Risk neutral
  - Risk averter
  - Pessimist

11. Profit is the remuneration for which factor of production?
  - a. Land
  - b. Labour
  - c. Capital
  - d. Organization
12. In order to calculate gross variable from net variable, we add
  - a. NFIA
  - b. Net indirect taxes
  - c. Deprecation
  - d. Subsidy
13. A market signal in case of asymmetric information in the labour market is
  - a. Education level
  - b. Warranty
  - c. Distance
  - d. Guarantee
14. The unique feature of e-commerce of being available everywhere is called
  - a. Ubiquity
  - b. Global reach
  - c. Universal standards
  - d. Customization
15. Which one of the following is not a feature of inflation?
  - a. General rise in price level
  - b. Long run phenomenon
  - c. Continuous
  - d. Small country
16. Fiscal policies are related to government
  - a. Taxation policies
  - b. Expenditure policies
  - c. Both
  - d. None
17. In case of health insurance, the party which is more aware is the
  - a. Insurer
  - b. Insured
  - c. Market
  - d. None
18. A market in which there are a few sellers of a commodity is called as
  - a. Monopoly
  - b. Monopolistic Competition
  - c. Oligopoly
  - d. Duopoly
19. When total product is maximum, the value of the marginal product is
  - a. 1
  - b. Zero
  - c. Positive
  - d. Negative
20. When a firm can bring its product to the market at a lower price compared to other competitors, it implies
  - a. Competitive environment
  - b. Competitive advantage
  - c. Market strategy
  - d. Organizational development

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( PART-B : Descriptive )

Time : 2 hrs. 30 min.

Marks : 50

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

1. Discuss the nature and uses of Business Economics. 10
2. a) Explain the consequences of adverse selection in a market for cars. 5+5=10  
b) How are the good quality cars driven out of the market due to adverse selection?
3. a) Explain the characteristics of a business cycle. 5+5=10  
b) Explain the prosperity and depression phase of a business cycle.
4. a) Explain the kinked demand curve of oligopoly. 5+5=10  
b) Explain the properties of isoquant.
5. a) What are the unique features of e-commerce or online market? 7+3=10  
b) Distinguish between risk and uncertainty.
6. a) Explain the situation of shut down point of a firm under perfect competition. 7+3=10  
b) Distinguish between economic cost and accounting cost.
7. a) Explain the income method of measuring national income. 7+3=10  
b) What are the precautions to be adopted in any method of measuring national income?
8. a) Explain Hicks' Theory of Business Cycle. 7+3=10  
b) What are the problems in case of insurance?

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