PG Even Semester Exam, May 2025

Commerce

2nd Semester

COURSE NO. COM - 552

[Business Economics]

Full Marks : 70
Pass Marks : 28

Time : 3 hours

The figures in the margin indicate full marks for the questions

Answer five questions, taking one from each Unit

UNIT-I

1. a. Explain the concept of price elasticity of demand. 2

   b. Discuss the determinants and importance of price elasticity if demand. 6+6=12

2. Discuss critically the different methods of demand forecasting. 14

UNIT-II

3. State and explain the law of diminishing marginal utility. On what grounds Marshall's cardinal utility analysis has been criticized. 9+5=14

Turn over

4. Critically examine revealed preference theory of consumer's behavior. Is it superior to indifference curve theory of consumer's behaviour. 10+4=14

UNIT-III

5. Explain the laws of returns to scale. Show the three kinds of returns to scale with the help of isoquants, along with the reasons for the three kinds of returns to scale. 2+12=14

6. Explain the various economics of scale and diseconomies of scale that accrue to the firm when it expands its scale of production. 14

UNIT-IV

7. What is meant by monopolistic competition? Explain how price and output are determined under monopolistic competition. 4+10=14

8. Distinguish between skimming price and penetration price policy. Which of these policies is relevant in pricing a new product under different competitive conditions in the market. 8+6=14

UNIT-V

9. What is economic rent? Explain that economic rent arises when the supply of a factor is less than perfectly elastic. 4+10=14

10. Critically examine the classical theory of interest. 14

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