(4)

(b) Explain three stages of Law of variable proportions with the diagram. 5

Unit-III

6. Why is a firm under perfect competition assumed as price taker firm?

 Explain a firm's equilibrium in perfect competition by total cost and total revenue method showing the total profit of the firm. 10

7. What are the features of Oligopoly Market? Discuss the firm's equilibrium under oligopoly with the help of Kinked demand curve. 10

Unit-IV

8. Write brief description on the following: 10

 (a) Demand Pull and Cost Push Inflation

 (b) Fiscal Deficit

9. Distinguish between national product and domestic product. How do we compute personal income, disposable income and discretionary income from national income? Explain with formulae. 10

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Roll No. _____

CH-4/2830

B.Com. (Hons.) (Semester-IV)

Examination, 2015

COMMERCE

(Business Economics)

(BCH-404)

Time Allowed : Three Hours] [*Maximum Marks : 70*

Note : Answer **five** questions in all. Question **No.1** is **compulsory** which carries 30 marks. Attempt **one** question from each Unit which are of 10 marks each.

1. Write short answers of the following:

 $3 \times 10 = 30$

 (a) Explain the concept of opportunity cost for a factor of production.

 (b) How is Revealed Preference Theory superior to indifference curve technique?

 (c) Discuss the Law of diminishing Marginal rate of substitution.

(d) "When output increases, the AC and AVC come closer." Comment.

(e) Distinguish between semi-inflation and true inflation.

(f) Explain Phillips Curve.

(g) Describe the various phases of business cycle.

(h) Explain the production function describing its utility in business decision.

(i) Show and explain the equilibrium of a monopoly firm through MR and MC approach.

(j) Draw and explain learning curve.

Unit-I

2. What are the objectives of demand forecasting? Discuss the various methods used for demand forecasting. Which of them is the best one for launching a new product?

$$3+5+2=10$$

3. (a) Suppose the demand function of a Consumer is given as : 5

$$Q_D=125-4P+0.05y$$

Where Q_D= Quantity demanded

P=Price of the product

y= Income of the consumer

Find out quantity demanded if price of the product is Rs.10 and income of consumer is Rs. 1000. What happens to demand if both price and income are doubled?

(b) 1200 units of a commodity are demanded at a market price of Rs. 200 each. Suppose price increased to Rs.220. What would be the new demand if price elasticity of this commodity is 0.8? 5

Unit-II

4. (a) Distinguish between Accounting cost and Economic cost. 5

(b) The total cost function of a firm is 5

$$TC= 50+4Q+0.2Q^2$$

Find MC and AC at the Output of 10 units.

5. (a) A firm is engaged in a business where the price of a product is Rs. 10 per unit, the AVC is Rs. 8 and the fixed cost is Rs. 5000 per month. The firm wants to know the minimum level of output which it must sell to avoid losses. 5