2025

(May–June)

COMMERCE

(Honours)

(Business Economics)

(BC–201)

(Under Revised Syllabus)

Marks : 75

Time : 3 hours

The figures in the margin indicate full marks for the questions

1. Define Business Economics. Discuss the scope of business economics. Explain the prescriptive and descriptive roles of business economics. 2+8+5=15

Or

Discuss the relationship of business economics with other allied subjects. 15

2. Define elasticity of demand. What are the different methods of measuring elasticity of demand? Explain the arc method of measuring elasticity of demand. 2+3+10=15

Or

Explain the law of diminishing marginal utility and State the assumptions and limitations of the law. 15

3. *(a)* Explain the law of variable proportion with the help of suitable diagram. 12

(b) What is marginal rate of technical substitution (MRTS)? 3

Or

Distinguish between production and consumption. What is meant by the term 'production function'? Calculate the AP and TP of a factor from the following table :

Units of Labour (L)	1	2	3	4	5	6
Marginal Product of Labour (MP)	3	5	7	5	3	1
Average Product of Labour (AP)	1	—	3	—	—	—
Total Product of Labour (TP)	—	8	—	20	—	—

2+2+3+8=15

4. *(a)* Distinguish between variable and fixed costs. What is opportunity cost? 2+2+3=7

(b) Complete the following table given the total fixed cost (TFC) is ₹ 50 : 8

Output (Units)	*TC* (₹)	*TVC* (₹)	*TFC* (₹)
1	150		
2	190		
3	220		
4	236		

Or

(a) Explain the relationship between AC and MC curves with the help of a table and diagram. 6

(b) How is the knowledge of the short-run and long-run costs relevant in decision-making process of a business firm? 5

(c) Why is the long-run average cost known as the envelope curve or planning curve? 4

5. *(a)* What is product differentiation? Give examples. 5

(b) What is price discrimination? What are the necessary conditions for price discrimination? 3+7=10

Or

Write short notes on any *three* from the following : 5×3=15

(a) Multiplant monopoly

(b) Bilateral monopoly

(c) Degree of price discrimination

(d) Mark-up pricing

(e) Monopolistic competition

(f) Perfect competition

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