REV-01
MCM/12/17

2025/12

SET A

MASTER OF COMMERCE
FIRST SEMESTER
BUSINESS ECONOMICS
MCM – 105
[USE OMR SHEET FOR OBJECTIVE PART]

Duration: 1.30 hrs. **Full Marks: 35**

Objective

Time: 15 mins. **Marks: 10**

Choose the correct answer from the following: ***1×10=10***

1. Which concept explains the percentage change in quantity demanded due to a percentage change in price?
   a. Price elasticity of demand
   b. Cross elasticity of demand
   c. Income elasticity of demand
   d. Substitution effect

2. The law of diminishing marginal utility states that:
   a. Total utility decreases as more units are consumed
   b. Marginal utility increases with consumption
   c. Marginal utility decreases as more units of a commodity are consumed
   d. Utility is constant regardless of consumption

3. Which of the following relates to the ordinal utility approach?
   a. Measurement of utility in numbers
   b. Indifference curves
   c. Law of equi-marginal utility
   d. Total utility curve

4. The slope of an indifference curve is known as:
   a. Marginal cost
   b. Marginal utility
   c. Marginal rate of substitution
   d. Marginal propensity to consume

5. The Law of Variable Proportions is also known as:
   a. Returns to a factor
   b. Production Possibility Curve
   c. Law of demand
   d. Economies of scale

6. Isoquant represents:
   a. Equal revenue combinations
   b. Equal profit combinations
   c. Combinations of inputs that produce same output
   d. Combinations of inputs that produce different outputs

7. In the long run, all factors of production are:
   a. Fixed
   b. Variable
   c. Partially fixed
   d. Not used

8. Which market structure features a single seller and no close substitutes?
   a. Perfect competition
   b. Monopolistic competition
   c. Oligopoly
   d. Monopoly

9. Opportunity cost refers to:
   a. Cost of raw materials
   b. Cost of giving up the next best alternative
   c. Cost recorded in financial accounts
   d. Marginal cost of production

10. Which of the following is a key characteristic of perfect competition?
   a. Product differentiation
   b. Single seller
   c. Free entry and exit
   d. Price discrimination

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Descriptive

Time : 1 Hr. 15 Mins. Marks : 25

[Answer question no.1 & any two (2) from the rest]

1. Write short notes on the following: 5
   a) Normal goods
   b) Isoquant curve
   c) Marginal rate of substitution
   d) Production possibility curve
   e) Price discrimination

2. What is price elasticity of demand? When price rises from Rs 10 to Rs 12, the quantity demanded falls from 50 units to 40 units. Find the elasticity of demand and interpret the result. 10

3. What is the Ordinal Utility Approach? Explain the concept of Indifference Curves, their properties, and consumer equilibrium using the indifference curve and budget line diagram. 10

4. Explain the Law of Variable Proportions. Discuss its three stages with a diagram and assumptions. 10

5. Explain the features of Perfect Competition. How is price determined under perfect competition in the short run and long run? 10

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