

Exam. Code : 108502
Subject Code : 2560

B.Com. Semester—II

BCG-205 : BUSINESS ECONOMICS

Time Allowed-3 Hours]

[Maximum Marks-50

Note :— (i) Attempt TEN questions from Section A. Answer each question in about 5 lines. Each question carries 1 mark.

(ii) Attempt TWO questions from Section B. Answer each question in upto 5 pages. Each question carries 10 marks.

(iii) Attempt TWO questions from Section C. Answer each question in upto 5 pages. Each question carries 10 marks.

SECTION—A

1. (i) Explain Giffen's paradox.
- (ii) Explain relationship between MU and TU.
- (iii) What is price line ?
- (iv) Explain constant returns to scale.
- (v) What are the explicit costs ?
- (vi) What is normal price ?
- (vii) What is product differentiation ?

- (viii) What is personal income ?
- (ix) What is MPC ?
- (x) Distinguish between intermediate and final goods.
- (xi) Explain the concept of propensity to consume.
- (xii) What is MPS ?

SECTION—B

- 2. Explain critically the law of demand. Why does demand curve slope downwards ?
- 3. What is meant by price effect ? Show that price effect is equal to income + substitution effect.
- 4. State and explain the law of variable proportions with the help of table and diagram.
- 5. State and explain the traditional theory of cost.

SECTION—C

- 6. Explain the relationship between AR, MR and elasticity of demand.
- 7. How is price determined under monopoly ? How would you differentiate between competitive price and monopoly price ?
- 8. Define national income. What are the various methods of measuring national income ?
- 9. What is consumption function ? Distinguish between APC and MPC. What are their technical attributes ?