

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 ?