

Exam. Code : 108502

Subject Code : 2769

**B.Com. 2<sup>nd</sup> Semester**

**BUSINESS ECONOMICS**

**Paper : BCG-205**

Time Allowed—Three Hours] [Maximum Marks—50

**Note :—** (1) Attempt any **TEN** questions from Section A.  
Answer to each question should be up to  
5 lines in length. Each question carries  
1 mark.

(2) Attempt any **TWO** questions from Section B.  
Answer to each question should be up to  
5 pages in length. Each question carries  
10 marks.

(3) Attempt any **TWO** questions from Section C.  
Answer to each question should be up to  
5 pages in length. Each question carries  
10 marks.

**SECTION—A**

1. (i) State the meaning of Price Elasticity of Demand.  
(ii) Define the Law of Equi-Marginal Utility.

- (iii) State three main properties of Indifference Curve.
- (iv) Explain the Budget Line.
- (v) Why is the short-run Average Cost Curve U-shaped ?
- (vi) Define the term Returns to Scale.
- (vii) Distinguish between Average Revenue and Marginal Revenue.
- (viii) State main features of Monopolistic Competition.
- (ix) Define the concept of Normal Profits.
- (x) State the significance of Product Differentiation.
- (xi) Define the concepts of GDP and GNP.
- (xii) What do you mean by Marginal Propensity to Consume (MPC) ?

### SECTION—B

2. State and explain the Law of Demand. Why does the demand curve normally slopes downward ?
3. Elaborate Law of Diminishing Marginal Utility and its importance in determining consumers' behaviour.
4. Explain with the help of Indifference Curve how consumer's equilibrium shifts by income effect, price effect and substitution effect.
5. Discuss the Law of Variable Proportions with the help of table and diagram. Also state the causes of its applicability.

### SECTION—C

6. Discuss main features of Perfect Competition. Show the determination of market price under a perfectly competitive market.
7. Explain the price-output determination under Monopoly both in short-run and long-run time periods.
8. Define National Income. Also state various difficulties on faces while estimating correct figures of National Income in developing countries like India.
9. Critically examine Psychological Law of Consumption given by Keynes. And, also bring out its significance in macro-economic analysis.

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