

2012
Bachelor of Commerce
First Semester
BCM-104: Business Economics – I

Time allowed: 3 Hours

Max. Marks: 80

NOTE: Attempt four short answer type questions from Section–A. Attempt two questions each from Section B and C respectively.

x-x-x

Section – A

- I. Attempt any four of the following:-
- a) Differentiate between contraction of demand and decrease in demand.
 - b) Write short note on Cross elasticity of demand.
 - c) Why is diamond less useful but more valuable than water?
 - d) Which are three stages of returns to scale of production?
 - e) Why are cost curves 'U' shaped?
 - f) Explain Shut-down Point. (4x5)

Section - B

- II. Explain the Law of Demand. Why does demand curve slope downward? (15)
- III. What is Price Elasticity of Demand? Explain its various degrees. How it can be measured with the help of Total Expenditure Method? (15)
- IV. Explain 'Price Effect' with the help of indifference curve approach. Show with the help of suitable diagram, bifurcation of Price Effect into 'Income Effect' and 'Substitution Effect'. (15)
- V. What is Utility Analysis? How Consumer equilibrium can be achieved with the help of Utility Analysis? (15)

Section - C

- VI. Explain the law of increasing returns. Why does it apply to industries? (15)

P.T.O.

(2)

- VII. Explain diagrammatically short run Modern Theory of Cost. (15)
- VIII. What is 'Perfect Competition'? How is price determined under perfect competition? (15)
- IX. What is Price Discrimination? How the equilibrium and prices are determined in it? (15)

x-x-x