

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BCom DEGREE EXAMINATION DECEMBER 2019
(Second Semester)

Branch -COST AND MANAGEMENT ACCOUNTING

BUSINESS ECONOMICS

Time: Three Hours

Maximum: 75 Marks

SECTION-A (10 Marks)

Answer ALL questions

ALL questions carry EQUAL marks (10 x 1 = 10)

- 1 Which of the following is defined as the study of the aggregate economy studied as a whole?
(i) Mathematical economics (ii) Econometrics
(iii) Macroeconomics (iv) Microeconomics
- 2 The elasticity of demand of pins is _____.
(i) Elastic (ii) Inelastic
(iii) Zero (iv) Maximum
- 3 Which of the following is a characteristic of capital as a factor of production?
(i) It Never depreciates (ii) It is fixed in supply
(iii) It is an active factor of production (iv) It is a passive factor of production
- 4 Which of the following is not a determinant of the firm's cost functions?
(i) The production function (ii) The price of labour
(iii) Taxes (iv) The price of the firm's output
- 5 Under conditions of perfect competition in the product market.
(i) $MRP = VMP$ (ii) $MRP > VMP$
(iii) $VMP > MRP$ (iv) None of the above
- 6 In oligopoly _____.
(i) The largest four firms are likely to have a small market share
(ii) The price is likely to equal marginal revenue
(iii) Firms will continue to produce in the long run if price is less than average cost
(iv) Firms may collude or compete depending on their assumptions about their competitors
- 7 Which banks which accept deposits from the public and lend them mainly to commerce for short periods?
(i) Commercial Bank (ii) Industrial Bank
(iii) Agricultural Bank (iv) Central Bank
- 8 On which day of the year 1966, Asian Development Bank was established.
(i) 19 December (ii) 1 January
(iii) 1 April (iv) 24 September
- 9 Who tops the Foreign Direct Investment (FDI) confidence index, 2018?
(i) United States (ii) Canada
(iii) Germany (iv) United Kingdom
- 10 A cause of inflation is.
(i) Increase in money supply (ii) Increase in money supply and fall in production
(iii) Fall of production (iv) Decrease in money supply and fall in production

Cont...

SECTION - B (35 Marks)Answer **ALL** Questions**ALL** Questions Carry **EQUAL** Marks (5 x 7 = 35)

- 11 a Analyse the causes of downward slope of demand curve.
OR
b Analyse the law of diminishing marginal utility.
- 12 a Difference between average revenue and marginal revenue.
OR
b Prepare the functions of production.
- 13 a Narrate the short run equilibrium of the firm.
OR
b Outline the pricing policies and strategies.
- 14 a Describe the functions of EXIM bank.
OR
b Write note on :
(i) NABARD (ii) ADB
- 15 a What are the advantages and disadvantages of public private partnership?
OR
b Prepare the concepts of national income.

SECTION - C (30 Marks!)Answer any **THREE** Questions**ALL** Questions Carry **EQUAL** Marks (3 x 10 = 30)

- 16 Enumerate the factors determining elasticity of demand?
- 17 Explain the law of variable proportions and its assumptions.
- 18 Discuss the price and output determination in Monopoly market.
- 19 Identify the role and functions of IMF.
- 20 Highlights of direct transfer of LPG subsidy to bank accounts.

Z-Z-Z

END