

PSG COLLEGE OF ARTS & SCIENCE  
(AUTONOMOUS)

**BCom DEGREE EXAMINATION DECEMBER 2019**  
(First Semester)

Branch - **COMMERCE (PROFESSIONAL ACCOUNTING)**

**GENERAL ECONOMICS**

Time : Three Hours

Maximum : 60 Marks

**SECTION-A (26 Marks)**

Answer ALL questions

ALL questions carry EQUAL marks (26 x 1 = 26)

- a) Economics is the study of mankind in the ordinary business of life'. This definition was given by  
(i) Adam Smith (ii) Lord Robbins (iii) Alfred Marshall (iv) Samuelson
- b) If a point falls inside the production possibility curve, what does it indicate?  
(i) Resources are over utilized (ii) Resources are under utilized  
(iii) There is unemployment in the economy (iv) Both (b) and (c)
- c) Under a free economy, prices are :  
(i) Regulated (ii) Determined through free interplay of demand and supply  
(iii) Partly regulated (iv) None of these
- d) Globalisation has led to higher standards of living of:  
(i) Well-off consumers (ii) Poor consumers  
(iii) Big producers (iv) Small producers
- e) Disinvestment in public sector is called  
(i) Privatisation (ii) Globalisation  
(iii) Liberalisation (iv) Industrialisation
- f) Opportunity cost is  
(i) Direct cost (ii) Total cost  
(iii) Accounting cost (iv) Cost of foregone opportunity
- g) When shape of average cost curve is upwards, marginal cost:  
(i) Must be decreasing (ii) Must be constant  
(iii) Must be rising (iv) Any of these
- h) Isoquants are equal to  
(i) Product Lines (ii) Total utility lines  
(iii) Cost lines (iv) Revenue lines
- i) Diminishing marginal returns implies  
(i) Decreasing average variable costs (ii) Decreasing marginal costs  
(iii) Increasing marginal costs (iv) Decreasing average fixed costs
- j) As output increases, average fixed cost  
(i) Remains constant (ii) Starts falling  
(iii) Starts rising (iv) None
- k) In which type of economy do consumers and producers make their choices based on the market forces of demand and supply?  
(i) Open Economy (ii) Controlled Economy  
(iii) Command Economy (iv) Market Economy

- l) An increase in demand can result from  
 (i) A decline in the market price  
 (ii) An increase in income  
 (iii) A reduction in the price of substitutes  
 (iv) An increase in the price of complements
- m) Demand for a commodity refers to  
 (i) Desire for the commodity  
 (ii) Need for the commodity  
 (iii) Quantity demanded of that commodity  
 (iv) Quantity of the commodity demanded at a certain price during any particular period of time.
- n) If supply curve is Perfectly Inelastic, the supply curve is:  
 (i) Vertical (ii) Horizontal  
 (iii) Upward sloping (iv) Downward sloping
- o) Under \_\_\_\_\_ market condition, firms make normal profits in the long run  
 (i) Perfect competition (ii) Monopoly  
 (iii) Oligopoly (iv) Both (b) & (C)
- p) If under perfect competition, the price line lies below the average cost curve, the firm would:  
 (i) Make only Normal profits (ii) Incur losses  
 (iii) Make abnormal profit (iv) Profit cannot be determined
- q) Which of the following estimates the National Income in India?  
 (i) Central Statistical Organization (ii) National Income Committee  
 (iii) Planning commission (iv) Reserve Bank of India
- r) Which of the following organizations looks after the credit needs of agriculture and rural development in India?  
 (i) FCI (ii) IDBI (iii) NABARD (iv) ICAR
- s) Scarcity of capital, technological backwardness and unemployment are generally found in  
 (i) Developed countries (ii) Underdeveloped countries  
 (iii) Both (iv) None of the above
- t) The net value of GDP after deducting depreciation from GDP is  
 (i) Net national product (ii) Net domestic product  
 (iii) Gross national product (iv) Disposable income
- u) Average income of the country is  
 (i) Per capita income (ii) Disposable income  
 (iii) Inflation cate. (iv) Real national income
- v) Economic planning is an essential feature of?  
 (i) Dual economy (ii) Mixed economy  
 (iii) Socialist economy (iv) Capitalist economy
- w) In India, which of the following affects poverty line the most?  
 (i) Quantum of gold reserve (ii) Per capita income  
 (iii) Production quantum (iv) Level of prices
- x) Growth rate of population means  
 (i) The difference of growth between male and female.  
 (ii) The difference in population between urban and rural area.  
 (iii) The number of births per thousand people.  
 (iv) The difference between birth and death rates

**P<3\*.<=\\€L**

- y) In India, which of the following affects poverty line the most?  
(i) Quantum of gold reserve (ii) Per capita income  
(iii) Production quantum (iv) Level of prices
- z) If borrowing and other liabilities are added to the budget deficits we get  
(i) Fiscal Deficit (ii) Primary Deficit  
(iii) Capital Deficit (iv) Revenue Deficit

**SECTION - B (10 Marks)**

Answer **ALL** the Questions

**ALL** Questions Carry **EQUAL** Marks ( 2 X 5 = 10 Marks)

2. Briefly explain the short run and long run costs.
3. Explain the role of industries in Indian Economic development.

**SECTION - C (30 Marks)**

Answer any **THREE** Questions

**ALL** Questions Carry **EQUAL** Marks ( 3 X 8 = 24 Marks)

4. Give any five advantages and disadvantages of LPG.
5. Enumerate the laws of production.
6. Discuss the factors that determine supply.
7. Explain the different methods of measuring national income.
8. Briefly explain the causes and incidence of unemployment in India.

2-2-2