LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

**B.Sc. B.COM.** DEGREE EXAMINATION – **STATS & COMMERCE**

THIRD SEMESTER – **APRIL 2012**

# EC 3105/3103 - GENERAL ECONOMICS

Date : 28-04-2012 Dept. No. Max. : 100 Marks

Time : 9:00 - 12:00

**Part – A**

**Attempt any 5 questions in 75 words each: (5 x 4 = 20)**

1. What is demand? What are the factors determining demand function?
2. What is iso-quant? What are the properties of it?
3. What is NNP? Differentiate NNPMP and NNPFC.
4. What is ‘demonstration effect’? Give an example.
5. Define ‘money’ and ‘near money’. Give examples.
6. What is inflation? What are the types of inflation?
7. What are the rules to be followed in the preparation of the budget?

**Part – B**

**Attempt any 4 questions in 250 words each: (4 x 10 = 40)**

1. Discuss the economic problems with production possibility curve?
2. What is law of demand? Discuss movements Vs shifts of demand curve with suitable diagrams.
3. Discuss the difficulties in the measurement of National Income.
4. What is consumption function? Estimate APC and MPC from the given data and represent diagrammatically.

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|  | **2010** | **2011** |
| **Income (Y)** | **20000** | **30000** |
| **Consumption (C)** | **15000** | **20000** |

1. What are the limitations on the power of banks to create credit?
2. What are the four measures of money supply in India? Explain them.
3. Discuss the merits and demerits of direct and indirect taxes.

**Part – C**

**Attempt any 2 questions in 1200 words each: (2 x 20 = 40)**

1. Discuss the traditional theory of short – run cost functions (TCs, ACs and MC) with suitable diagrams.
2. Define MEC and MEI. Discuss the determinants of investment by Keynes. Suppose the price of machine is Rs. 2, 00,000, the expected rate of return for the next four years are as Rs. 80,000, Rs. 70,000, Rs. 60,000 and Rs. 50, 000 respectively and the rate of interest is 5 per cent. Estimate the viability of a project from the given data through present value method.
3. Discuss the different functions of a Central Bank.
4. Discuss the developmental and non-developmental expenditures on revenue and capital account with recent projections in India.

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