



BRAINWARE UNIVERSITY

Term End Examination 2020 - 21

Programme – Diploma in Computer Science & Engineering

Course Name – Economics & Accountancy

Course Code - DCSE305

Semester / Year - Semester III

Time allotted : 85 Minutes

Full Marks : 70

[The figure in the margin indicates full marks. Candidates are required to give their answers in their own words as far as practicable.]

Group-A

(Multiple Choice Type Question)

1 x 70=70

1. (Answer any Seventy)

(i) What is an economic problem every nation has?

- | | |
|---|--------------------------|
| a) The problem of meeting every one's needs | b) Not enough population |
| c) Too much population | d) Not enough resources |

(ii) Which of the following statements about the use of resources is not one of the key questions in economics?

- | | |
|---------------------------------|---------------------------------|
| a) How are resources used? | b) Where are resources used? |
| c) For what are resources used? | d) For whom are resources used? |

(iii) Economics is best defined as the study of how people, businesses, governments, and societies

- | | |
|---------------------------------------|---------------------------------|
| a) Make choices to cope with scarcity | b) Attain wealth |
| c) Choose abundance over scarcity | d) Use their infinite resources |

(iv) As an economic concept, scarcity applies to -

- | | |
|---------------------------|------------------------|
| a) Neither time nor money | b) Both money and time |
| c) Time but not money. | d) Money but not time |

(v) Suppose there is excess supply in a market and the price decreases. Which of the following combinations of events will occur?

- a) There will be a fall in quantity supplied and a rise in quantity demanded
- b) There will be a fall in quantity supplied and a rise in demand
- c) There will be a fall in supply and a rise in quantity demanded.
- d) There will be a fall in supply and a rise in demand

(vi) Normally a demand curve will have the shape:

- a) Horizontal
- b) Vertical
- c) Downward sloping
- d) Upward sloping

(vii) The horizontal demand curve parallel to x-axis implies that the elasticity of demand is:

- a) Zero
- b) Infinite
- c) Equal to one
- d) Greater than zero but less than infinity

(viii) The supply of a good refers to:

- a) Stock available for sale
- b) Total stock in the warehouse
- c) Actual Production of the good
- d) Quantity of the good offered for sale at a particular price per unit of time

(ix) The following are causes of shift in demand EXCEPT the one:

- a) Change in income
- b) Change in price
- c) Change in fashion
- d) Change in prices of substitutes

(x) The elasticity of demand of durable goods is:

- a) More elastic
- b) Less elastic
- c) Zero elastic
- d) Infinite elastic

(xi) Ahmad bought 50 litres of petrol when his monthly income was Rs. 25,000. Now his monthly income has risen to Rs. 50,000 and he purchases 100 litres of petrol. His income elasticity of demand for petrol is:

- a) 1
- b) Less than one
- c) More than one
- d) None of these

(xii) Economic problems arise because:

- a) Wants are unlimited
- b) Resources are scarce
- c) Scarce resources have alternative uses
- d) All of these

(xiii) Total utility is maximum when:

- a) Marginal utility is zero
- b) Marginal utility is at its highest point
- c) Marginal utility is equal to average
- d) Average utility is maximum

(xiv) The relationship between price and demand is

- a) Direct
- b) Inverse
- c) Proportionate
- d) Positive

(xv) Which of the following is NOT a determinant of the demand for good X?

- a) The income of consumers
- b) The cost of labor used to produce good X.
- c) The price of good Y, a complement to X.
- d) The number of buyers of good X.

(xvi) The cost of one thing in terms of the alternative given up is called

- a) Real Cost
- b) Physical Cost
- c) Sunk Cost
- d) Opportunity Cost

(xvii) Marginal Cost is the cost

- a) Of an activity that exceeds its benefit
- b) That arises from an increase in an activity.
- c) That your activity imposes on someone else
- d) That arises from the secondary effect of an activity

(xviii) If a firm's revenues just cover all its opportunity costs, then:

- a) Normal profit is zero
- b) Economic profit is zero
- c) Total revenues equal its explicit costs.
- d) Total revenues equal its implicit costs

(xix) Which is not a fixed cost?

- a) monthly rent of \$1,000 contractually specified in a one-year lease
- b) an insurance premium of \$50 per year, paid last month
- c) an attorney's retainer of \$50,000 per year
- d) a worker's wage of \$15 per hour

(xx) The long run is a period of time in which:

- a) the quantities of all inputs can be varied
- b) the firm may want to build a bigger plant, but cannot do so
- c) the firm is able to maximize total profit
- d) the firm can hire all the workers that it wants to employ, but it does not have sufficient time to buy more equipment

(xxi) An example of a variable resource in the short run is

- a) an employee
- b) capital equipment
- c) land
- d) building

(xxii) Which of the following is a variable cost?

- a) Interest payments
- b) Raw materials costs
- c) Property taxes
- d) All of these are variable costs

(xxiii) If the output levels at which short-run marginal and average cost curves reach a minimum are listed in order from smallest to greatest, then the order would be

- a) AVC, MC, ATC
- b) ATC, AVC, MC
- c) MC, AVC, ATC
- d) AVC, ATC, MC

(xxiv) Which of the following short-run cost curves declines continuously?

- a) Average total cost
- b) Marginal cost
- c) Average fixed cost
- d) Average variable cost

(xxv) A cost that has already been made and cannot be recovered is called a

- a) marginal cost
- b) fixed cost
- c) variable cost
- d) sunk cost

(xxvi) A company could produce 99 units of a good for \$316 or produce 100 units of the same good for \$320. The marginal cost of the 100th unit

- a) is \$320
- b) is \$3.20
- c) is \$4.00
- d) cannot be calculated with this information

(xxvii) A company could produce 100 units of a good for \$320 or produce 101 units of the same good for \$324. The \$4 difference in costs is

- a) the marginal benefit of producing the 101st unit
- b) the marginal cost of producing the 101st unit
- c) both the marginal benefit and the marginal cost of producing the 101st unit
- d) neither the marginal benefit nor the marginal cost of producing the 101st unit

(xxviii) A firm's average total cost is \$80, its average variable cost is \$75, and its output is 50 units. Its total fixed cost is

- a) less than \$100
- b) more than \$300
- c) between \$200 and \$300
- d) between \$100 and \$200

(xxix) A firm's average fixed cost is Rs 20 at 6 units of output what will it be at 4 units of output?

- a) Rs 60
- b) Rs 30
- c) Rs 40
- d) Rs 20

(xxx) Which of the following cost curves is never 'U' shaped?

- a) Average cost curve
- b) Marginal cost curve
- c) Total cost curve
- d) Fixed cost curve

(xxxi) Which would be an implicit cost for a firm? The cost:

- a) of worker wages and salaries for the firm
- b) paid for leasing a building for the firm

- c) Paid for production supplies for the firm d) of wages foregone by the owner of the firm

(xxxii) If a firm's revenues just cover all its opportunity costs, then:

- a) Normal profit is zero b) Economic profit is zero
c) Total revenues equal its explicit costs d) Total revenues equal its implicit costs

(xxxiii) If you know that with 8 units of output, average fixed cost is Rs.12.50 and average variable cost is Rs.81.25, then total cost at this output level is:

- a) Rs. 93.75. b) Rs. 97.78
c) Rs. 750 d) Rs. 880

(xxxiv) With fixed costs of Rs.400, a firm has average total costs of Rs.3 and average variable costs of Rs.2.50. Its output is:

- a) 200 units. b) 400 units.
c) 800 units d) 1,600 units

(xxxv) The firm's short-run marginal-cost curve is increasing when:

- a) Marginal product is increasing. b) Marginal product is decreasing
c) Total fixed cost is increasing. d) Average fixed cost is decreasing.

(xxxvi) Average fixed cost can be obtained through:

- a) $AFC = TFC/TS$ b) $AFC = EC/TU$
c) $AFC = TC/PC$ d) $AFC = TFC/TU$

(xxxvii) In which of the following market structure is the degree of control over the price of its product by a firm very large?

- a) Imperfect Competition b) Perfect Competition
c) Monopoly d) Both Imperfect Competition and Perfect Competition

(xxxviii) Factors responsible for creating conditions for emergence and growth of monopoly are

- a) Control over strategic raw materials
- b) Patents
- c) Licensing
- d) All of these

(xxxix) Selling costs have to be incurred in case of

- a) Perfect competition
- b) Monopolistic competition
- c) Imperfect competition
- d) None

(xl) Which type of competition leads to exploitation of consumer?

- a) Oligopoly
- b) Monopolistic competition
- c) Monopoly
- d) All of these

(xli) The economist's objections to monopoly rest on which of the following grounds?

- a) There is a transfer of income from consumers to the monopolist
- b) There is welfare loss as resources tend to be misallocated under monopoly
- c) Only A is correct
- d) Both there is a transfer of income from consumers to the monopolist and there is welfare loss as resources tend to be misallocated under monopoly are correct

(xlii) If the market demand curve for a commodity has a negative slope then the market structure must be

- a) Perfect competition
- b) Monopoly.
- c) Imperfect competition
- d) The market structure cannot be determined from the information given.

(xliii) If a firm sells its output on a market that is characterized by many sellers and buyers, a homogeneous product, unlimited long-run resource mobility, and perfect knowledge, then the firm is a -

- a) a monopolist
- b) an oligopolist

c) a perfect competitor

d) a monopolistic competitor

(xlv) If a firm sells its output on a market that is characterized by many sellers and buyers, a differentiated product, and unlimited long-run resource mobility, then the firm is -

a) a monopolist

b) an oligopolist.

c) a perfect competitor.

d) a monopolistic competitor

(xlv) If one perfectly competitive firm increases its level of output, market supply

a) Will increase and market price will fall.

b) Will increase and market price will rise

c) And market price will both remain constant

d) Will decrease and market price will rise.

(xlvi) Which of the following markets comes close to satisfying the assumptions of a perfectly competitive market structure?

a) The stock market.

b) The market for agricultural commodities such as wheat or corn

c) The market for petroleum and natural gas.

d) All of these come close to satisfying the assumptions of perfect competition

(xlvii) Which of the following types of firms is likely to be a monopolistic competitor?

a) A local telephone company

b) An automobile manufacturer

c) A restaurant.

d) All of these are likely to be monopolistic competitors

(xlviii) Which of the following markets would most closely satisfy the requirements for a perfectly competitive market?

a) Electricity

b) Cable Television

c) Cola

d) Milk

(xlix) Which of the following industries is most likely to be monopolistically competitive?

- a) The automobile industry
- b) The steel industry
- c) The car repair industry
- d) The electrical generating industry

(l) One of these are not external users of financial information

- a) Creditors
- b) Investors
- c) Managers
- d) Government

(li) The science and art of correctly recording business dealing in a set of books is called

- a) . Bookkeeping
- b) Accounting
- c) Auditing
- d) Recording

(lii) Accounting is the language of

- a) Government
- b) Public
- c) Trade
- d) Business

(liii) Modern system of bookkeeping is

- a) Double entry system
- b) Single entry system
- c) None of these
- d) British system

(liv) The main function of Accounting is to

- a) Record economic data
- b) Provide informational basis for action
- c) Classify and record business transactions
- d) All of these

(lv) Patents, Copyrights and Trademarks are

- a) Current assets
- b) Fixed assets
- c) Intangible assets
- d) All of these

(lvi) The sales income (Credit and Cash) of a business during a given period is

called

- a) Transactions
- b) Sales returns
- c) Turnover
- d) Purchase returns

(lvii) All of following are Assets except

- a) Goodwill
- b) Furniture
- c) Outstanding Salary
- d) Closing Stock

(lviii) Which of the following statement is correct

- a) $\text{Assets} - \text{Capital} > \text{Liabilities}$
- b) $\text{Liabilities} + \text{Capital} = \text{Assets}$
- c) $\text{Liabilities} + \text{Capital} < \text{Assets}$
- d) $\text{Assets} - \text{Liabilities} > \text{Capital}$

(lix) The proprietor of the business is treated as creditor for the capital introduced by him due to _____ concept

- a) Money measurement
- b) Cost
- c) Entity
- d) Dual aspect

(lx) The concept of separate entity is applicable to which of following types of businesses

- a) Sole proprietorship
- b) Corporation
- c) Partnership
- d) All of these

(lxi) Cost concept basically recognizes _____

- a) Fair Market value
- b) Historical cost
- c) Realizable value
- d) Replacement cost

(lxii) Which of the following provide frame work and accounting policies so that the financial statements of different enterprises become comparable.

- a) Business Standards
- b) Accounting Standards
- c) Market Standards
- d) None of these

(Ixiii) Which of the following is not a Real A/c

- a) Building
- b) Furniture
- c) Machine
- d) Rent

(Ixiv) If wages are paid for construction of business premises _____ A/c is credited and _____ A/c is debited

- a) Wages, Cash
- b) Premises, Cash
- c) Cash, Wages
- d) Cash, Premises

(Ixv) Depreciation is not charged on _____.

- a) New Asset
- b) Land
- c) Building
- d) None of these

(Ixvi) Economic resources of business that expected to be of benefit in future time referred as

- a) Owners' Equity
- b) Liabilities
- c) Withdrawals
- d) Assets

(Ixvii) Balance sheets are prepared

- a) Daily
- b) Weekly
- c) Monthly
- d) Annually

(Ixviii) Summary of balances of ledger account is called.....

- a) trial balance
- b) balance sheet
- c) cash flow statement
- d) none of these

(Ixix) A cash book with cash, bank and discount column is known as _____ column cash book

- a) Single
- b) Double
- c) Triple
- d) Quadruple

(lxx) M/s Stationery Mart will debit the purchase of stationery to _____

a) Purchases A/c

b) General Expenses A/C

c) Stationery A/c

d) None of these