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Part III — ECONOMICS

(English Version)

Time Allowed : 3 Hours]

{ Maximum Marks : 200

SECTION - A

N. B. : i) Answer *all* the questions.

ii) Each question carries one mark.

50 × 1 = 50

I. Choose the best answer of the following and write in the answer-book :

14 × 1 = 14

1. The author of Wealth Definition is

- a) Alfred Marshall
- b) Lionel Robbins
- c) Adam Smith
- d) Samuelson.

2. Traditional economy is a

- a) subsistence economy
- b) market economy
- c) command economy
- d) monetary economy.

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3. Consumer surplus is

- a) Demand = Supply
- b) $MV_n = TV_n - TV_{n-1}$
- c) Potential Price - Actual Price
- d) None of these.

4. Demand for a commodity depends on

- a) Price of that commodity
- b) Price of related goods
- c) Income
- d) All of these.

5. Law of demand establishes

- a) Inverse relationship between price and quantity
- b) Positive relationship between price and quantity
- c) Both (a) and (b)
- d) None of these.

6. At the point of equilibrium

- a) only one price prevails
- b) Quantity demanded = Quantity supplied
- c) the demand curve intersects the supply curve
- d) all of these.

7. The initial supply price of land is

- a) zero
- b) greater than one
- c) less than one
- d) equal to one.

8. Real cost is

- a) pain and sacrifice
- b) subjective concept
- c) efforts and foregoing leisure
- d) all of these.

9. A firm can achieve equilibrium when

- a) $MC = MR$
- b) $MC = AC$
- c) $MR = AR$
- d) $MR = AC$.

10. Profits are the reward for

- a) land
- b) capital
- c) labour
- d) organisation.

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11. The macro-economic thinking was revolutionized by

- a) David Ricardo
- b) Adam Smith
- c) J.M. Keynes
- d) Malthus.

12. The classical theory assumed the existence of

- a) unemployment
- b) disguised unemployment
- c) full employment
- d) underemployment.

13. Monetary Policy is controlled by

- a) Reserve Bank
- b) State Governments
- c) Central Government
- d) Commercial Banks.

14. The compulsory charge levied by the Government is

- a) licence
- b) tax
- c) loan
- d) subsidy.

II. Fill in the blanks :

15. Production refers to the creation of
16. Most of the economic activities of capitalism are centered on
17. Marginal utility falls to zero when the total utility is
18. Goods that are demanded for social prestige come under effect.
19. At price, there is no tendency to change the price or quantity.
20. Land and labour are called factors.
21. Total cost is the sum of
22. The perfect competitive firms are
23. Marginal productivity theory is the theory of distribution.
24. is the ratio of change in saving to a change in income.
25. The direct exchange of goods is known as
26. means different sources of Government income.

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III. Match the following :

12 × 1 = 12

- | | |
|-------------------------------------|--------------------------------|
| 27. Dynamic approach | a) Supply, demand and price |
| 28. Market forces | b) Best tax system |
| 29. Luxuries | c) Substitutes |
| 30. Tea and coffee | d) Adam Smith |
| 31. Long period supply curve | e) Planning curve |
| 32. Division of labour | f) Walker |
| 33. The long run average cost curve | g) Liquidity Preference Theory |
| 34. South Africa | h) Time element |
| 35. Residual claimant theory | i) Low rate of interest |
| 36. Keynes | j) More elastic |
| 37. Cheap money policy | k) Diamond |
| 38. Progressive tax | l) Diamond jewels. |

IV. Answer each of the following questions in a word or two :

12 × 1 = 12

39. What is the other name for money income ?
40. What is mixed economy ?
41. What is the other name for the law of equimarginal utility ?
42. How does the demand change during boom and depression ?
43. Who has introduced the time element ?
44. How do internal economies arise ?

45. What is marginal revenue ?
46. In which year was the MRTP Act passed ?
47. Who is the author of Agio Theory of Interest ?
48. What crippled the free enterprise economies of US and UK ?
49. Name the bank which controls money supply in a country.
50. Give the expansion for VAT.

SECTION - B

V. N. B. : i) Answer any *ten* questions.

ii) Answer for each question should be about *four* or *five* lines.

10 × 3 = 30

51. What are the main divisions of Economics ?
52. What are the basic issues of any society ?
53. What is opportunity cost ?
54. What are the classifications of goods ?
55. Write a note on Giffen Paradox.
56. What is equilibrium price ?
57. Write a short note on market period.
58. Name the types of utility.
59. What is labour ?
60. What is social cost ?
61. Write a short note on marginal cost.
62. Distinguish between real wages and money wages.
63. What is effective demand ?
64. What are the four components of money supply in India ?
65. What is public finance ?

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SECTION - CVI. N. B. : i) Answer any *six* questions.ii) Answer for each question should be about a page. $6 \times 10 = 60$

66. Explain the salient features of Capitalism.
67. Explain the shift in demand with a diagram.
68. Describe the characteristics of capital.
69. Explain the relationship between AR and MR curves.
70. Explain the relationship between SAC and SMC.
71. Describe the features of perfect competition.
72. Describe the consumption function with a diagram.
73. What are the assumptions of Keynes' Simple Income determination ?
74. Explain the causes of taxation.
75. Differentiate between direct and indirect taxes.

SECTION - DVII. N. B. : i) Answer any *three* questions.

ii) Answer for each question should be about three pages.

 $3 \times 20 = 60$

76. Discuss the relationship between economics and other social sciences.
77. Describe the law of Diminishing Marginal Utility with a diagram.
78. Discuss the law of Demand with graph and schedule.
79. Explain the price and output determination under monopolistic competition.
80. Discuss Keynes' Theory of interest.
81. Discuss the causes, effects and remedies for inflation.