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Part III – ECONOMICS
(English Version)

Time Allowed : 3 Hours]

[Maximum Marks : 200

PART - A

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

ii) Each question carries *one* mark.

50 × 1 = 50

I. Choose the correct answer for the following and write in the answer book. :

14 × 1 = 14

1. The author of 'Scarcity Definition' is

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

2. In a socialist economy all decisions regarding production and distribution are taken by

- a) Market forces
- b) Central planning authority
- c) Customs and traditions
- d) Private sector.

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3. The indifference curve approach was introduced by

- a) Alfred Marshall
- b) Lionel Robbins
- c) J.R. Hicks and R.G.D. Allen
- d) Adam Smith.

4. Law of Demand establishes

- a) inverse relationship between price and quantity
- b) positive relationship between price and quantity
- c) both of these
- d) none of these.

5. Factors determining supply are

- a) production technology
- b) prices of factors of production
- c) taxes and subsidies
- d) all of these.

6. Above the equilibrium price

- a) $S < D$
- b) $S > D$
- c) $S = D$
- d) none of these.

7. A successful entrepreneur is one who is ready to accept
- a) innovations
 - b) risks
 - c) deciding the location of the production unit
 - d) none of these.
8. Average fixed cost is obtained by
- a) TC/Q
 - b) TFC / Q
 - c) TVC / Q
 - d) none of these.
9. A firm can achieve equilibrium when its
- a) $MC = MR$
 - b) $MC = AC$
 - c) $MR = AR$
 - d) $MR = AC$.
10. The author of Liquidity Preference Theory is
- a) J.M. Keynes
 - b) Marshall
 - c) Samuelson
 - d) Knight.
11. The central problem in Macro Economics is
- a) Income and Employment
 - b) Price and Output
 - c) Interest and Money
 - d) none of these.

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12. The marginal propensity to consume is
- $\Delta S/\Delta Y$
 - C/Y . $\Delta P/\Delta Q$
 - $\Delta P/\Delta Q$
 - $\Delta C/\Delta Y$.
13. A situation marked by rising prices and stagnation in demand is known as
- Cost-push inflation
 - Demand-pull inflation
 - Stagflation
 - Wage-push inflation.
14. Tax revenue deals with the
- fees
 - kinds of taxes
 - revenue
 - non-tax revenue.

II. Fill in the blanks :

12 × 1 = 12

15. Economics is a science.
16. Production possibility curve is also known as
17. Marshallian utility approach is analysis.
18. Goods that are demanded for their social prestige come under effect.
19. The supply curve in the market period is a line.
20. is limited by the extent of market.
21. The distinction between the fixed and variable factors is possible only in run.
22. The perfect competitive firms are

23. Marginal productivity theory is based on the assumption of competition.
24. refers to the cash holdings of the people.
25. The equation of exchange ($MV = PT$) was given by
26. The classification of direct and indirect taxes is based on criterion of tax.

III. Match the following :

$12 \times 1 = 12$

- | | |
|------------------------------|--------------------------|
| 27. First Nobel Prize | a) $C + I + G + (X - M)$ |
| 28. Minimum cost | b) $D > S$ |
| 29. Maximum social advantage | c) New-classical theory |
| 30. Tea and coffee | d) Tinbergen and Frisch |
| 31. Excess demand | e) $TC_n - TC_{n-1}$ |
| 32. Bundle of risks | f) Hicks and Dalton |
| 33. MC_n | g) Substitutes |
| 34. Technical Monopoly | h) Hawley |
| 35. Loanable Funds Theory | i) Moral suasion |
| 36. Aggregate demand | j) Coca-Cola |
| 37. Selective credit control | k) Adam Smith |
| 38. Canons of taxation | l) Maximum benefit. |

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

$12 \times 1 = 12$

39. Give two examples for free goods.
40. Name any two successful socialist economies.

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41. What is the other name for budget line ?
42. Give the formula for point method.
43. Who has introduced the time element ?
44. Give the condition for producer's equilibrium.
45. How will you calculate average cost ?
46. What is the most important form of selling cost ?
47. Who is the author of Agio theory of interest ?
48. Name the point of intersection of aggregate demand and aggregate supply.
49. Give the example of a country that experienced hyper-inflation.
50. What is a tax ?

PART - B

V. N. B. : i) Answer any *ten* of the following.

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

$$10 \times 3 = 30$$

51. State Alfred Marshall's definition of economics.
52. Name the important general economic systems.
53. What is opportunity cost ?
54. Define Consumer's Surplus in the words of Marshall.
55. Why does the demand curve slope downwards ?
56. Differentiate the short period from the long period.

57. Write a short note on Market period.
58. What is meant by division of labour ?
59. What are the forms of capital ?
60. Define marginal cost.
61. What are economic costs ?
62. Mention any three benefits of perfect competition.
63. What are the three motives of Liquidity Preference ?
64. Define Money.
65. What is 'Zero-based' budget ?

PART - C

VI. N. B. : i) Answer any six of the following.

ii) Answer for each question should be about a page. $6 \times 10 = 60$

66. What are the merits and demerits of Mixed economy ?
67. Explain the shift in demand with the help of a diagram.
68. What are the functions of entrepreneur.
69. Give a note on long run average cost curve with diagram.
70. Explain the relationship between SAC and SMC.
71. Describe the wastes of monopolistic competition.

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72. Draw the flowchart to depict the essence of Keynesian theory.
73. What are the criticisms of Say's Law ?
74. What are the main sources of tax and non-tax revenue of the state government ?
75. Define budget. Explain the balanced and unbalanced budgets.

PART - D

- VII. N. B. : i) Answer any *three* questions.
- ii) Answer for each question should be about *three* pages.

$3 \times 20 = 60$

76. Discuss the nature and importance of laws of Economics.
77. Explain the characteristics of human wants.
78. Explain the methods of measurement of price elasticity of demand in detail.
79. How is the price and output determined in the short run under perfect competition ?
80. Examine Ricardian theory of rent.
81. Discuss the causes, effects and remedies for inflation.