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Part III — ECONOMICS

(English Version)

Time Allowed : 3 Hours]   [Maximum Marks : 200

PART – A

Note : Answer *all* the questions.   50 × 1 = 50

I.   Choose the correct answers :   14 × 1 = 14

1.   The author of 'Scarcity Definition' is

   a)   Adam Smith

   b)   Samuelson

   c)   Alfred Marshall

   d)   Lionel Robbins.

2.   Traditional economy is a

   a)   subsistence economy

   b)   market economy

   c)   command economy

   d)   monetary economy.

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3. Consumer's Surplus is

    a) Potential price – Actual price

    b) $MU_n = TU_n - TU_{n-1}$

    c) Demand = Supply

    d) none of these.

4. Demand for a commodity depends on

    a) price of the commodity

    b) price of related goods

    c) income

    d) all of these.

5. The degree of response of demand to a change in price is

    a) income elasticity of demand

    b) cross-elasticity of demand

    c) price elasticity of demand

    d) all of these.

6. The time element in price analysis was introduced by

    a) J. R. Hicks   b) J. M. Keynes

    c) Alfred Marshall   d) J. S. Mill.

7. Production refers to

    a) destruction of utility   b) creation of utility

    c) exchange value   d) none of these.

8. Average cost is obtained by dividing

a) TC / q

b) TFC / q

c) TVC / q

d) none of these.

9. Under perfect competition, the demand curve is

a) upward sloping

b) horizontal

c) downward sloping

d) vertical.

10. Profits are the reward for

a) land

b) capital

c) labour

d) organisation.

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. To explain the simple theory of income determination, Keynes used

    a)   consumption and investment

    b)   aggregate demand and aggregate supply

    c)   production and expenditure

    d)   all of these.

13. During inflation

    a)   businessmen gain

    b)   wage-earners gain

    c)   salaried people gain

    d)   rentiers gain.

14. The compulsory charge levied by the government is

    a)   licence   b)   gifts and grants

    c)   loan   d)   tax.

II. Fill in the blanks : $12 \times 1 = 12$

15. The term 'micro' means ....

16. Most of the economic activities of capitalism are centered on ....

17. Marginal utility falls to zero, when the total utility is ....

18. The concept of elasticity of demand was introduced by ....

19. The supply curve in the market period is a .... line.

20. Land and Labour are called .... factors.

21. Money cost is also called ....

22. Monopoly power achieved through patent right is called ....

23. Money wages are also known as .... wages.

24. .... is the ratio of change in savings to a change in income.

25. The equation of exchange (MV = PT) was given by ....

26. .... means different sources of Government income.

III. Match the following :   12 × 1 = 12

27. Wealth   a)   Purchasing power of money

28. Opportunity cost   b)   Gold and Silver

29. Indifference curve   c) $TC_n - TC_{n-1}$

30. Positive relationship of

     price and demand   d) $C + I + G + (X - M)$

31. Equilibrium   e)   Ordinal ranking

32. Division of Labour   f)   Best tax system

33. MC_n g)   Stock

34. Global market   h)   Veblen effect

35. Risk-bearing theory of profit   i)   Pair of price and quantity

36. Aggregate demand   j)   Adam Smith

37. Value of money   k)   Hawley

38. Progressive tax   l)   Next alternative forgone.

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IV. Answer each of the following questions in a word or two : $12 \times 1 = 12$

39. Give one or two examples of free goods.

40. What is the result of over-production ?

41. What is the other name for the Law of Equimarginal Utility.

42. Give the formula for point method of price elasticity of demand.

43. Is supply fixed in the market period ?

44. State the Cobb-Douglas production function.

45. What is an envelope curve ?

46. What does 'monopoly' refer to ?

47. What is the name of Schumpeter's theory of profits ?

48. Name the point of intersection of Aggregate demand and Aggregate supply.

49. Give the example of a country that experienced hyperinflation.

50. Give the expansion for VAT.

PART – B

V. Note : i) Answer any *ten* of the following questions.

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

$10 \times 3 = 30$

51. Distinguish between free goods and economic goods.

52. What are the basic issues of any society ?

53. What is opportunity cost ?

54. What are the properties of Indifference Curve ?

55. What are the types of elasticity of demand ?

56. What is equilibrium price ?

57. What are the determinants of shift in supply curve ?

58. Define Labour.

59. What is production function ? Give an example.

60. Bring out the difference between short-run and long-run.

61. Define Marginal cost.

62. What are the three motives of liquidity preference theory ?

63. What are the assumptions of Say's Law of Markets ?

64. Define monetary policy.

65. What are Adam Smith's canons of taxation ?

PART – C

VI. *Note* : i) Answer any *six* of the following questions.

      ii) Answer for each question should be about *a* page.   6 × 10 = 60

66. What are the merits and demerits of a Mixed Economy ?

67. Explain with the help of diagram, how demand and supply exert influence on price in the short period.

68. What are the functions of Entrepreneur ?

69. Explain the relationship between AR and MR curves.

70. Explain the relationship between SAC and SMC.

71. What are the methods of controlling monopoly ?

72. Describe the consumption function with a diagram.

73. What are the determinants of consumption other than income ?

74. What are the main sources of tax and non-tax revenue of the State Government ?

75. Differentiate between direct and indirect taxes.

PART – D

VII.   *Note :*   i)   Answer any *three* of the following question.

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

$3 \times 20 = 60$

76. Examine Lionel Robbins definition of Economics.

77. Describe the Law of Diminishing Marginal Utility with a diagram.

78. Explain the Law of Demand.

79. Explain how price and output are determined in the short-run under perfect competition.

80. Explain Marginal Productivity Theory of Distribution.

81. Describe the causes, effects and remedies for inflation.