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Part III — ECONOMICS

(English Version)

Time Allowed : 3 Hours]

[Maximum Marks : 200

SECTION - AN. B. : i) Answer *all* the questions.ii) Each question carries *one* mark. $50 \times 1 = 50$

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

 $14 \times 1 = 14$

1. The father of Economics is

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

2. Hire and fire is the policy of

- a) Mixed economy
- b) Socialism
- c) Capitalism
- d) Traditional Economy.

[Turn over

3. Utility may be defined as
- a) usefulness of a commodity
 - b) the desire for a commodity
 - c) the level of satisfaction given by a commodity
 - d) the power of a commodity to satisfy human wants.
4. Supply curve is
- a) an upward sloping curve
 - b) a downward sloping curve
 - c) a horizontal straight line
 - d) a vertical line.
5. Demand means
- a) the readiness to buy a commodity
 - b) the ability to pay for the commodity
 - c) a mere desire to buy the commodity
 - d) the desire to buy and decision to buy backed by purchasing power.
6. The concept of equilibrium is always explained with reference to
- a) price
 - b) time
 - c) supply
 - d) demand.

7. Division of labour was introduced by

- a) Alfred Marshall
- b) Adam Smith
- c) Keynes
- d) Hicks.

8. Short run average cost is denoted by

- a) SAC
- b) STC
- c) SVC
- d) TFC.

9. Monopoly exists when there is

- a) single producer
- b) single buyer
- c) a few producers
- d) many producers.

10. Rent is the price paid for the use of

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

11. "Supply creates its own demand" is stated by
- a) Adam Smith
 - b) J. M. Keynes
 - c) J. B. Say
 - d) Stonier.
12. is the chief determinant of investment.
- a) Rate of interest
 - b) Economic growth
 - c) Level of capacity utilisation
 - d) Fiscal policy.
13. 'Monetary policy' is implemented by
- a) Central and State Governments
 - b) Central bank of the country
 - c) Local moneylenders
 - d) Private enterprises.
14. Public finance deals with
- a) revenue
 - b) expenditure
 - c) tax
 - d) public revenue and public expenditure.

Fill in the blanks :

$$12 \times 1 = 12$$

15. Wealth definition was given by
16. Capitalist economy is also called as economy.
17. Consumer's surplus = Potential price (-) price.
18. When the price of a commodity falls it means an increase in income of the consumer.
19. Equilibrium occurs when demand and supply at a given price.
20. same task makes labour monotonous.
21. A firm pays for the labour.
22. Price discrimination is also known as monopoly.
23. If people hold money for transaction purposes, it is called motive.
24. Marginal propensity to save = $\frac{\Delta Y}{\Delta Y}$.
25. If the cost of borrowing is raised, such policy is known as
26. On the basis of forms the taxes are classified as direct taxes and taxes.

III. Match the following :

12 × 1 =

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|---|---------------------------------|
| 27. Oikos | a) J. R. Hicks |
| 28. The first nobel laureate in
Economics from India | b) close substitutes |
| 29. Indifference curve analysis | c) less mobile |
| 30. Coffee and Tea | d) pain and pleasure |
| 31. Time element theory | e) absence of transport expense |
| 32. Labour | f) Joseph Schumpeter |
| 33. Real cost | g) J. M. Keynes |
| 34. Perfect competition | h) deflation |
| 35. Innovation theory of profit | i) Dr. C. Rangarajan |
| 36. Investment multiplier | j) Alfred Marshall |
| 37. Fall in price | k) Amartya Kumar Sen |
| 38. Twelfth Finance Commission | l) household. |

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

12 × 1 = 12

39. Who gave growth definition of Economics ?
40. According to Amartya Kumar Sen which is the true measure of welfare ?
41. Name the French Mathematician who first stated the Law of Demand.
42. What is the other name for Marshallian Utility Analysis ?
43. What is the name of the price that is determined under market period ?
44. Name the factor of production which is produced by man.
45. What word is used to denote the change in total revenue due to change in sale of output ?
46. In which competition are the products similar but not identical ?

47. Who pointed out the subsistence theory of wages as "Iron law of wages" ?
48. What is the ratio of change in total consumption to change in total income called ?
49. Name the direct control measures to check inflation.
50. Name the statement that contains the actual and anticipated revenues and expenditures of the Government.

SECTION - B

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

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

$$10 \times 3 = 30$$

51. State the 'Scarcity definition' of Economics.
52. Define 'Macro-Economics'.
53. Why is the consumer said to be the king in capitalism ?
54. State the concept of consumer's surplus.
55. Explain 'market period'.
56. What is cross elasticity of demand ?
57. Explain the term 'Functional distribution'.
58. What is meant by the term 'Decreasing returns to scale' ?
59. What is place utility ?
60. Define the term 'money cost'.
61. The demand curve of firm under perfect competition is a horizontal line. Why ?
62. What does monopolistic competition refer to ?
63. Write a note on Accelerator.
64. Define 'money'.
65. What is deficit financing ?

SECTION - C

VI. N. B. : i) Answer any six questions.

ii) Answer for each question should be about a page.

6 × 10 = 60

66. Differentiate Micro-Economics from Macro-Economics.
67. Enlist the criticisms of Law of Diminishing Marginal Utility.
68. State briefly the Law of Supply with diagram.
69. Explain the role of time element in short period and long period.
70. Explain division of labour. What are its merits and demerits ?
71. Give a note on long run cost curves with diagram.
72. What are the characteristics of perfect competition ?
73. Give notes on Subsistence Theory of Wages and Residual Claimant Theory.
74. Explain the Innovation Theory of Profit.
75. What are the limitations of fiscal policy ?

SECTION - D

VII. N. B. : i) Answer any three questions.

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

3 × 20 = 60

76. Explain the features, merits and demerits of Mixed Economy.
 77. Explain the characteristics of human wants.
 78. Explain the different types of elasticity of demand with suitable diagrams.
 79. Determine equilibrium price and output under monopoly. What are the advantages and disadvantages of monopoly ?
 80. How did Keynes criticise classical theory of employment and output ?
 81. Describe the types, causes and measures to control inflation.
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