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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.

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

14 × 1 = 14

1. Consumption is the

- a) creation of utility
- b) destruction of utility
- c) result of production
- d) stimulant for production.

2. The Great Depression occurred in

- a) 1929
- b) 1829
- c) 1979
- d) 1879.

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3. The concept of consumer's surplus was introduced by
- a) A. C. Pigou
  - b) Alfred Marshall
  - c) E. H. Chamberlain
  - d) J. R. Hicks.
4. The shape of the supply curve is vertical in
- a) perfectly elastic
  - b) perfectly inelastic
  - c) unitary elasticity
  - d) elastic supply.
5. The Law of Demand was first stated in the year
- a) 1738
  - b) 1883
  - c) 1838
  - d) 1638.
6. The concept of equilibrium is always explained with reference to
- a) price
  - b) supply
  - c) demand
  - d) time.

7. Law of variable proportions relates to ..... only.
- a) long run
  - b) short run
  - c) very short run
  - d) none of these.
8. Average cost is
- a)  $\frac{TC}{Q}$
  - b)  $\frac{TFC}{Q}$
  - c)  $\frac{TVC}{Q}$
  - d)  $\frac{TR}{Q}$
9. The concept of monopolistic competition was introduced by
- a) John Robinson
  - b) Alfred Marshall
  - c) J. R. Hicks
  - d) E. H. Chamberlain.
10. .... is the reward for the risk taking ability of the entrepreneurs.
- a) Interest
  - b) Profit
  - c) Rent
  - d) Wages.

11. 'Supply creates its own demand' was stated by
- a) Adam Smith
  - b) Keynes
  - c) J. B. Say
  - d) Stonier.
12. The ratio of change in consumption to a change in income is
- a) APC
  - b) MPC
  - c) AC
  - d) AFC.
13. Which is called "High Powered Money" ?
- a) Government money
  - b) Demand deposits
  - c) Cash reserve ratio
  - d) Interbank deposits.
14. Expenditures which do not result in creation of assets are treated as
- a) Capital expenditures
  - b) Capital income
  - c) Revenue expenditures
  - d) Revenue income.



## II. Fill in the blanks :

12 × 1 = 12

15. Welfare definition was given by .....
16. Minimum State intervention was advocated by .....
17. The economic activity which deals with satisfaction of wants is called .....
18. When the price of a commodity falls it means an increase in the ..... income of the consumer.
19. Equilibrium price is also known as market ..... price.
20. The internal economies arise from ..... firm.
21. In the long run all factors of production are .....
22. A firm in a perfect competition is price .....
23. Ricardo explains ..... types of rents.
24. Quantity theory of money is also known as .....
25. Marginal propensity to save ( M.P.S. ) =  $\frac{\Delta Y}{\Delta Y}$  .
26. Budget is classified into revenue budget and ..... budget.

III. Match the following :

12 × 1 = 12

- |                                    |                              |
|------------------------------------|------------------------------|
| 27. Scarcity definition            | a) J. R. Hicks               |
| 28. Bamboo-curtain economy         | b) Technical Economies       |
| 29. Indifference curve             | c) A. C. Pigou               |
| 30. Exception to the law of demand | d) Overhead costs            |
| 31. Very short period              | e) Ricardo                   |
| 32. Fixed cost                     | f) Consumption equals income |
| 33. Internal economies             | g) Veblen effect             |
| 34. Price discrimination           | h) High Powered money        |
| 35. Theory of rent                 | i) C. Rangarajan             |
| 36. Break-even point               | j) Lionel Robbins            |
| 37. Reserve money                  | k) Market period             |
| 38. 12th Finance Commission        | l) China.                    |

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

12 × 1 = 12

39. Who gave the Growth definition of Economics ?
40. Name the first Indian economist who won the Nobel prize in Economics.
41. Write the other name for Marshallian utility analysis.
42. Who stated the law of demand first ?
43. Who introduced the concept of time element in price determination ?
44. Who gave the concept of division of labour ?
45. Write the expansion of the letters 'SAC'.



46. Where do we find product differentiation ?
47. Who gave the Residual claimant theory ?
48. How is APC calculated ?
49. What is the other name for 'Fiat money' ?
50. Write the name of the first Chairman of the Finance Commission.

### 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. Write only the names of any three prominent definitions of Economics.
52. Define the term "Distribution".
53. Consumer is the king — explain.
54. What is 'consumer's surplus' ?
55. Write a short note on "Giffen's Paradox".
56. Write a note on 'Equilibrium price'.
57. Give the meaning of 'Division of Labour'.
58. Explain the term 'Derived factors'.
59. How will you calculate average revenue ?
60. Define the term 'Market'.
61. What is pure competition ?
62. Explain the term 'Functional distribution'.
63. Write a note on 'Accelerator'.
64. What are the components of Reserve money ?
65. Define the term 'Budget'.

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**SECTION - C**

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

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

$6 \times 10 = 60$

66. Bring out the subject matter of Economics.
67. Give the assumptions of indifference curve.
68. Explain the shift in the demand curve.
69. Analyse the determination of equilibrium price with a diagram in a short period.
70. What is utility ? Explain the different types of utility.
71. Explain the terms 'Average Revenue' and 'Marginal Revenue' and draw the diagrams for AR and MR curves under imperfect competition.
72. What are the characteristics of perfect competition ?
73. What is rent ? Explain the Ricardian theory of rent.
74. Explain the Marginal productivity theory of wages with a diagram.
75. Explain Adam Smith's canon of taxation.

**SECTION - D**

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

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

$3 \times 20 = 60$

76. What is capitalism ? Explain the merits of capitalism.
  77. Describe the Law of Diminishing Utility with a diagram.
  78. Define the elasticity of demand and explain the price elasticity of demand and its classification.
  79. Explain the determination of equilibrium price and output under monopoly. What are the advantages and disadvantages of monopoly ?
  80. Explain the determination of equilibrium level of income with the help of a diagram.
  81. What is inflation ? Describe the types, causes and measures to control inflation.
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