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Part III — ECONOMICS

(English Version)

Time Allowed : 3 Hours]

[Maximum Marks : 200

PART - ANote : Answer *all* the questions.

50 × 1 = 50

I. Choose the correct answers 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. The basic force that drives the capitalist economy is

- a) planning
- b) technology
- c) government
- d) profit-motive.

[Turn over

3. Utility is a
- a) social concept
 - b) subjective/psychological concept
 - c) political concept
 - d) scientific concept.
4. Increase in demand is shown by
- a) movement along the same demand curve
 - b) shifts of the demand curve
 - c) the highest point on the demand curve
 - d) lowest point on the demand curve.
5. Factor(s) determining supply is/are
- a) production technology
 - b) prices of factors of production
 - c) taxes and subsidies
 - d) all of these.
6. In the long period
- a) all factors change
 - b) only variable factor changes
 - c) only fixed factor changes
 - d) variable and fixed factors remain constant.
7. Reward paid to capital is
- a) interest
 - b) profit
 - c) wages
 - d) rent.

8. Economic cost includes explicit cost and
- a) implicit cost
 - b) social cost
 - c) fixed cost
 - d) money cost.
9. Perfect competition is a market situation where we have
- a) a single seller
 - b) two sellers
 - c) large number of sellers
 - d) few sellers.
10. Rent is the price paid for the use of
- a) capital
 - b) organisation
 - c) labour
 - d) land.
11. The Classical theory assumed the existence of
- a) unemployment
 - b) disguised unemployment
 - c) full unemployment
 - d) under-employment.
12. The Macro-economic thinking was revolutionized by
- a) David Ricardo
 - b) J. M. Keynes
 - c) Adam Smith
 - d) Malthus.
13. Bank rate is raised during
- a) deflation
 - b) inflation
 - c) stable prices
 - d) unemployment.

[Turn over

14. The compulsory charge levied by the government is

- a) licence fees b) gifts and grants
c) loan d) tax.

II. Fill in the blanks :

12 × 1 = 12

15. Economics is a science.

16. The production possibility curve is also known as

17. An indifference curve is to the origin.

18. The demand curve slopes downwards due to

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

20. The functional relationship between inputs and outputs is known as

21. Profit is the difference between total revenue and

22. Firms realize the importance of under oligopoly.

23. Transfer earnings refer to cost.

24. The term 'consumption function' explains the relationship between and

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

26. are considered as fundamental principles of taxation.

III. Match the following :

12 × 1 = 12

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|------------------------------|--------------------------------|
| 27. Wealth | a) $TR - TC$ |
| 28. Market forces | b) Keynes |
| 29. Principles of Economics | c) Best Tax System |
| 30. Coffee and Tea | d) Stock |
| 31. Short period price | e) Marshall |
| 32. $a + b < 1$ | f) Substitutes |
| 33. Profit | g) Supply, Demand and Price |
| 34. Monopolistic competition | h) More elastic |
| 35. Lovable Funds theory | i) Creeping inflation |
| 36. Liquidity preference | j) Decreasing returns to scale |
| 37. Wages and prices push | k) Neo-Classical theory |
| 38. Progressive Taxation | l) E.M. Chamberlain. |

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

12 × 1 = 12

39. Give two examples of free goods.
40. Name any two successful socialist economies.
41. What is the other name for budget line ?
42. How does the demand change during boom and depression ?
43. Who has introduced the time-element in the determination of equilibrium ?

[Turn over

44. State the Cobb-Douglas production function.
45. How do you calculate AC ?
46. How does the Government control monopoly ?
47. According to Ricardo, do all lands get rent ?
48. State J.B. Say's Law of Market.
49. What is meant by dear money policy ?
50. What is a tax ?

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 × 3 = 30

51. State Alfred Marshall's definition of Economics.
52. Is India a Mixed Economy ? Explain.
53. List the basic features of Socialism.
54. What are the properties of Indifference Curve ?
55. What are the types of elasticity of demand ?
56. Write a short note on market period.
57. What are the determinants of shift in supply ?
58. What are the forms of capital ?
59. What is meant by division of labour ?

60. Define opportunity cost.
61. Mention the relationship between *MC* and *AC*.
62. What are the assumptions of marginal productivity theory of distribution ?
63. Write a note on Multiplier.
64. Define Money.
65. What are the kinds of taxes ?

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. Write a note on traditional economy.
 67. How is the equilibrium price determined in the market period ?
 68. Explain the merits and demerits of division of labour.
 69. Explain the relationship between *AR* curve and *MR* curve.
 70. Explain the marginal cost with suitable illustration.
 71. What are the methods of controlling monopoly ?
 72. What are the criticisms of Say's Law ?
 73. Draw the flow chart to depict the essence of Keynes theory.

[Turn over

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

3 × 20 = 60

76. Discuss the nature and scope of economics.
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 monopoly.
80. Examine Ricardian theory of Rent.
81. Discuss the objectives and instruments of monetary policy.
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