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Part III — ECONOMICS
(New Syllabus)
(English Version)

Time Allowed : 3 Hours]

[Maximum Marks : 200

SECTION - A

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

ii) Each question carries one mark. 50 × 1 = 50

I. Choose the correct answer and write it in the answer-book : 14 × 1 = 14

1. Growth definition to Economics was given by
 - a) Adam Smith
 - b) Alfred Marshall
 - c) Lionel Robbins
 - d) Paul A. Samuelson.

2. Market is not powerful in economy.
 - a) Socialistic
 - b) Capitalistic
 - c) Mixed
 - d) Traditional.

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3. The part of economic activity which deals with the satisfaction of wants is called
- a) consumption
 - b) utility
 - c) production
 - d) distribution.
4. If elasticity of supply is equal to one ($E_s = 1$), it means
- a) perfectly elastic supply
 - b) perfectly inelastic supply
 - c) unitary elasticity of supply
 - d) relatively elastic supply.
5. In equilibrium, is an outside factor.
- a) price
 - b) demand
 - c) supply
 - d) market.
6. A successful entrepreneur will always be making
- a) innovation
 - b) traditions
 - c) research
 - d) more profit.

7. Economic cost is the addition of explicit cost and
- a) money cost
 - b) social cost
 - c) implicit cost
 - d) private cost.
8. A firm can achieve equilibrium when its
- a) $MC = MR$
 - b) $MC = AC$
 - c) $MR = AR$
 - d) $MR = AC$.
9. Rent is a price paid for the use of
- a) Capital
 - b) Organisation
 - c) Labour
 - d) Land.
10. The concept of accelerator was developed by
- a) Keynes
 - b) J. R. Hicks
 - c) Marshall
 - d) Lionel Robbins.

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11. Which is called high powered money ?
- a) Government money
 - b) Demand deposits
 - c) Cash Reserve ratio
 - d) Inter Bank deposits.
12. Expenditures which do not result in the creation of assets are treated as
- a) Capital Income
 - b) Capital Expenditure
 - c) Revenue Expenditure
 - d) Revenue Income.
13. Geometrical method of measuring elasticity was introduced by
- a) Stigler
 - b) Mill
 - c) Cournot
 - d) Marshall.
14. The statement, 'Supply creates its own demand' was made by
- a) Adam Smith
 - b) Keynes
 - c) J. B. Say
 - d) Stonier.

II. Fill in the blanks :

12 × 1 = 12

15. Fiscal policy is known as policy.
16. Store of value is called as function of money.
17. Classical theory of employment was based on premises.
18. The Greek word OIKOS means
19. A basic tool of Economics is possibility curve.
20. Utility depends upon the state of of the consumer.
21. The summation of individual demands gives the demand.
22. In the period, there is more scope for overall change.
23. Investment in is known as human capital formation.
24. The long run average cost curve is called curve.
25. Price discrimination is also called as monopoly.
26. The dynamic theory of profit was enunciated by

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III. Match the following :

12 × 1 = 12

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|--------------------------------------|----------------------------------|
| 27. Economics | a) Antoine Augustin Cournot |
| 28. India | b) Real cost |
| 29. Ordinal Utility Method | c) J. M. Keynes |
| 30. Law of demand | d) Monopolistic competition |
| 31. Dynamic equilibrium | e) Mixed economy |
| 32. Efforts, pain | f) Perfect competition |
| 33. Special form of mental labour | g) Employment generation schemes |
| 34. E. H. Chamberlain | h) Organisation |
| 35. $MRP = VMP$ | i) Checking Inflation |
| 36. Psychological law of consumption | j) Continuous period analysis |
| 37. Price control and rationing | k) Social science |
| 38. IRDP, JRY | l) Prof. J. R. Hicks. |

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

12 × 1 = 12

39. Who followed the method of dividing economic analysis into micro and macro ?
40. Who coined the term 'Capitalism' ?
41. Name the fundamental law in consumption and demand analysis.
42. To which direction the supply curve shifts due to increase in production ?
43. What is the determining factor in determining the price during very-short period ?
44. Give an example for derived factor of production.

45. Name the point at which TR is equal to TC .
46. Who fixes the price in oligopoly ?
47. Who developed the wages fund theory ?
48. Who criticised the Classical theory of Income and Employment ?
49. State the equation of exchange.
50. Under what type of tax does the Tax on commodities come ?

SECTION - B

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

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

$10 \times 3 = 30$

51. State the scarcity definition.
52. List out the basic problems of an economy.
53. What does macro-economics study about ?
54. How can we classify human wants ?
55. Write a short note on 'Giffen's paradox'.
56. How did Marshall divide the time-period ?
57. What are the factors of production ?
58. How do we classify labour ?
59. Explain marginal revenue.
60. Distinguish between a firm and an industry.
61. Why does the demand curve slope downward under monopoly ?
62. How did David Ricardo define rent ?
63. Define marginal propensity to consume.
64. What are the components of reserve money ?
65. List out the broad divisions of subject matter of public finance.

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SECTION - C

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

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

66. Explain the nature of economic laws.
67. Explain the criticisms of the law of diminishing marginal utility.
68. Explain the law of supply with a diagram.
69. Explain the role of time in price determination.
70. Give a note on money and human capital.
71. Give a note on 'long run cost curves'.
72. What are the features of perfect competition ?
73. Explain the liquidity preference theory of interest.
74. Write a note on 'quasi-rent'.
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.

$3 \times 20 = 60$

76. What is a traditional economy ? Give its features.
 77. Explain the characteristics of human wants.
 78. Explain the different types of elasticity of demand with diagrams.
 79. How are price and output determined under monopoly ? What are the advantages and disadvantages of monopoly ?
 80. Explain the determination of equilibrium level of Income with a diagram.
 81. Describe the meaning and objectives of monetary policy.
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