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Part III — ECONOMICS

(New Syllabus)

(English Version)

Time Allowed : 3 Hours]

[Maximum Marks : 200

PART - A

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

ii) Each question carries one mark.

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

1. The economist who made Economics into a separate Social Science is

- a) Adam Smith
- b) Alfred Marshall
- c) Lionel Robbins
- d) Paul A. Samuelson.

2. 'Hire and fire' is the policy of

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

[Turn over

3. Total utility will be the highest when marginal utility is
- a) one
 - b) two
 - c) three
 - d) zero.
4. Supply remains constant in the
- a) long period
 - b) short period
 - c) market period
 - d) very long period.
5. The price determined under market period is called
- a) normal price
 - b) market price
 - c) abnormal price
 - d) short period price.
6. When $\alpha + \beta = 1$, it means
- a) constant returns to scale
 - b) increasing returns to scale
 - c) decreasing returns to scale
 - d) negative returns.

7. Profit of a firm is the result of
- a) $TR - TC$
 - b) $TR + TC$
 - c) $TR \times TC$
 - d) $TR \div TC$.
8. Group behaviour is a feature of
- a) perfect competition
 - b) monopoly
 - c) monopolistic competition
 - d) oligopoly.
9. The reward for risk-taking ability of the entrepreneur is
- a) Interest
 - b) Wage
 - c) Rent
 - d) Profit.
10. According to the classical economists, Full-employment is
- a) rare
 - b) normal
 - c) impossible
 - d) temporary.

[Turn over

11. Monetary policy is implemented by
- Central bank of the country
 - Central and State Governments
 - Central Government
 - Private enterprises.
12. Public finance deals with the of the public authorities.
- revenue
 - expenditure
 - tax
 - revenue and expenditure.
13. The Concept of Multiplier was originally given by
- J. M. Keynes
 - R. F. Khan
 - J. B. Say
 - J. S. Mill.
14. The price and quantity demanded of a commodity are
- positively related
 - negatively related
 - directly related
 - indirectly related.

II. Fill in the blanks :

12 × 1 = 12

15. Modern governments are states.
16. Reserve money is called money.
17. The combined effect of accelerator and multiplier is called
18. Production is the creation of
19. The Great Depression occurred in the year
20. The concept of consumer's surplus was introduced by
21. Coffee and tea are
22. Equilibrium price is also known as price.
23. Internal economies arise from the firm.
24. A unit of production which produces goods and services is called
a
25. In monopolistic competition, products are similar, but not
26. The subsistence theory of wages is called the law of wages.

[Turn over

III. Match the following :

12 × 1 = 12

A

B

- | | |
|---|--------------------------------|
| 27. Cause and effect relationship | a) autonomous investment |
| 28. First Indian Nobel Laureate in Economics | b) internal diseconomies |
| 29. Water-diamond paradox | c) derived demand |
| 30. Supply curve | d) time is frozen |
| 31. Static equilibrium | e) Amartya Sen |
| 32. Administrative difficulties | f) fixed costs |
| 33. Two sellers | g) positive science |
| 34. Government's Investment | h) Mr. C. Rangarajan |
| 35. Barter system | i) law of equimarginal utility |
| 36. Chairman of the Twelfth Finance
Commission | j) discourages savings |
| 37. Overhead costs | k) positively sloped |
| 38. Demand for a factor of production | l) duopoly |

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

12 × 1 = 12

39. Which definition of Economics follows micro and macro approach ?
40. Who wrote "Das Kapital" ?
41. Name the law which is based upon the law of diminishing marginal utility.
42. "Poverty amidst plenty" is usually related to which sector ?
43. Give an example for primary factor.
44. How will you find out the total revenue ?
45. "Take-it-or-leave-it" price discrimination is found in which market / competition ?

46. What is the price paid for the use of the power of land according to David Ricardo ?
47. Give the formula for multiplier.
48. What are the two market forces ?
49. What kind of Monetary policy is followed in India ?
50. How many divisions are there under Public finance ?

PART - 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 × 3 = 30

51. State Alfred Marsnall's definition of Economics.
52. What is Public debt ?
53. 'Consumer is the king' in capitalism. How ?
54. Define Consumer's surplus.
55. What is the meaning of demand ?
56. Define Very long period.
57. What is meant by land in Economics ?
58. Give the meaning of division of labour.
59. Write a note on Opportunity cost.
60. The demand curve of a firm under perfect competition is a horizontal line. Why ?
61. What does monopoly refer to ?
62. Explain the term 'functional distribution'.
63. State Say's law of market.
64. Define 'money'.
65. What is 'deficit financing' ?

[Turn over

PART - 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. Differentiate Micro-economics from Macro-economics.
67. Give the assumptions of Indifference curves.
68. What are the factors that determine supply ?
69. How are the factors of production classified ?
70. Explain 'dynamic equilibrium'.
71. Explain the relationship between SAC and SMC.
72. Define the term 'market' with its characteristics.
73. Write the functions of Trade Unions.
74. Explain the 'Innovations theory' of profit.
75. What are the differences between direct and indirect taxes ?

PART - D

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

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

$3 \times 20 = 60$

76. Explain the features, merits and demerits of mixed economy.
77. Describe the 'Law of diminishing marginal utility' with a diagram.
78. Explain the law of demand elaborately.
79. How are price and output determined under perfect competition in the short run and long run ?
80. How did Keynes criticise classical theory of employment and output ?
81. Describe the types, causes and measures to control inflation.