

Economics

Time : 3 Hrs.

March - 2008

Marks : 1

Q.1. (a) Fill in the blanks with appropriate alternatives given in the brackets :

- (1) In general the duration of budget is of months. (*twelve/six/nine/fifteen*)
- (2) used the term of micro economics for the first time. (*Ragner Frisch/Ricardo/Marshall/Adam S*)
- (3) In developing countries the marginal propensity to consume (M.P.C.) is
(*more/less/constant/fluctuat*)
- (4) The supply curve is sloping. (*upward/downward/backward/parallel*)

- (5) National income is a concept. (*stock/flow/micro/non-monetary*)

(b) State whether the following statements are TRUE or FALSE :

- (1) Consumption is one of the determinants of aggregate supply.
- (2) Tax is a major source of revenue of the government.
- (3) Commercial banks are non-profit making organisations.
- (4) Money is what money does.
- (5) Central bank works as friend, philosopher and guide to commercial banks.

(c) Choose the correct answer :

- (1) Demat account facility is useful for
(*a) retailers, (b) consumers (c) customers dealing in sale and purchase of shares (d) wholesalers*)
- (2) Macro economics does not study
(*a) performance of the entire economy (b) economic activity as a whole*
(*c) general price level (d) price determination of single commodity*)
- (3) The relationship between saving and rate of interest is
(*a) inverse (b) positive (c) constant (d) proportional*)
- (4) Labour is geographically
(*a) mobile (b) immobile (c) immovable (d) stationary*)
- (5) One of the following is a type of capital expenditure
(*a) administrative expenditure (b) investment expenditure on shares (c) expenditure on social services*
(*d) expenditure on police*)

(d) Match the following Group 'A' with Group 'B' :

Group 'A'	Group 'B'
(a) Single price	(1) Monopoly
(b) Transport facility	(2) Dr. Marshall
(c) Umbrella	(3) Perfect competition
(d) Law of Diminishing Marginal Utility	(4) Time utility
(e) Computation of National income	(5) Double counting

Q.2. (a) Define or Explain the concepts : (Any FOUR)

- (1) Stock
- (2) Prof. Fisher's definition of national income
- (3) Propensity to consume
- (4) Deficit budget
- (5) Variable capital
- (6) Aggregate demand
- (7) Monopolistic competition
- (8) Revenue receipts

(b) State whether the following statements are TRUE or FALSE. Give reasons: (Any FOUR)

- (1) Utility can be measured cardinally.
- (2) Demand curve slopes downward from left to right.
- (3) The point method measures the elasticity of demand at a particular point on demand curve.
- (4) Macro economics is the study of individual factors.
- (5) The supply curve of labour is backward bending.
- (6) Micro economics is the study of aggregates.
- (7) Public revenue always exceeds public expenditure.
- (8) The law of equi-marginal utility refers to consumer's equilibrium.

Q.3. (a) Distinguish between (Any FOUR) :

Land and Capital

Macro economic analysis and Micro economic analysis

Pure competition and Perfect competition

Marginal utility and Total utility

Income elasticity of demand and Cross elasticity of demand

Current deposits and Fixed deposits

Individual demand and Market demand

Output and Supply

(b) Give reasons or Explain (Any FOUR) :

In surplus budget income is more than expenditure.

National income is an important tool to measure the overall performance of the economy.

Money is a medium of exchange.

Bank rate is the rate at which central bank lends money to commercial banks.

Investment expenditure depends upon the rate of interest also.

When consumption is equal to income, saving is zero.

Micro economic theories are based on assumptions.

Margin requirement determines the value of loan.

Q.4. (a) Write answer in one or two paragraphs each : (Any TWO)

What are the different types of utility? (2) Describe the assumptions to the law of supply

State the features of micro economics. (4) Explain the characteristics of labour.

(b) Write explanatory notes : (Any TWO)

Saving function (2) Determinants of aggregate supply

Secondary functions of money (4) Features of national income

Q.5. Answer with reasons whether you Agree or Disagree with the following statements:(Any TWO) [1

There are no exceptions to the Law of Demand.

Macro economics is different from Micro economics.

Accepting deposits is the only primary function of commercial banks.

Q.6. Answer in detail : (Any TWO) [1

What is Price elasticity of demand ? Explain the different types of Price elasticity of demand.

What is Monopoly ? Describe the features of Monopoly.

Explain the functions of Central bank.

