

Economics

Time : 3 Hrs.

October - 2008

Marks : 100

Q. 1. (A) Select the proper alternative and rewrite the following statements :

..... studies about national income. (*Micro-economics / Macro-economics / Statistics / Physics*)

Land is a free gift of (*human / nature / foreign / nation*)

In market, seller creates product differentiation.

(*competition / perfect / pure / monopolistic*)

To control inflation, there is need of bank. (*central / state level / local / foreign*)

Cheque is (*credit money / cash money / paper money / metallic money*)

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

Utility and usefulness are not different.

Desire means demand.

The demand of composite commodities is elastic.

The relationship between price and demand is inverse.

In macro-economics, concentration is given on specific unit.

(C) Choose the correct answer and rewrite the statements :

- (1) The demand of all consumers is
(a) individual demand. (b) specific demand. (c) market demand. (d) alternative demand.
- (2) The elasticity of demand of pins is
(a) elastic (b) inelastic (c) perfect elastic. (d) unit elastic
- (3) When income increases, the consumption expenditure will
(a) increase. (b) decrease. (c) equal. (d) zero
- (4) The money which is created by commercial banks is called
(a) legal tender money. (b) credit money. (c) paper currency. (d) metallic money.
- (5) The income and expenditure is equal in the budget known as
(a) balanced budget (b) surplus budget. (c) deficit budget. (d) annual budget.

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

Group 'A'	Group 'B'
(a) Demand of electricity	(1) Natural resources
(b) Essential commodities	(2) Saving
(c) Aggregate supply	(3) Commercial bank
(d) Income minus consumption expenditure	(4) Inelastic demand
(e) Credit creation	(5) Mixed demand
	(6) Central bank
	(7) Investment

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

- (1) Traveller's cheque
- (2) Expansion of demand
- (3) National income
- (4) Capital
- (5) Saving
- (6) Fixed deposits
- (7) Central Bank
- (8) Surplus budget

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

- (1) The demand of luxury commodities is elastic.
- (2) In monopoly, there is price discrimination.
- (3) Macro-economics studies whole economy.
- (4) Macro-economics studies small unit.
- (5) Effective demand increases employment.
- (6) Low interest is given on fixed deposit.
- (7) Central bank works as a bank of people.
- (8) There is no difference between surplus and deficit budget.

Q. 3. (A) Distinguish between any FOUR of the following :

- (1) Individual problem and National problem.
- (2) Individual demand and Market demand.
- (3) Less elastic demand and More elastic demand.
- (4) Stock and Supply.
- (5) Income method and Expenditure method.
- (6) Propensity to consume and Propensity to save.
- (7) Saving deposit and Fixed deposit.
- (8) Government income and Government expenditure.

(B) Give response or Explain : (Any FOUR)

- (1) Utility depends upon the urgency of want.
- (2) The demand of goods depends upon many factors.
- (3) The supply curve slopes upwards from left to right.
- (4) In monopolistic market, the selling cost is must.
- (5) The supply of land is fixed.
- (6) The service of housewife is not included in national income.
- (7) The aggregate supply depends upon natural resources.
- (8) Credit money can be refused.

Q. 4. (A) Answer the following in brief : (Any TWO)

- (1) State the features of capital.
- (2) Define the national income.
- (3) What are the effects of population on consumption expenditure ?
- (4) State the primary functions of money.

(B) Write explanatory notes : (Any TWO)

- (1) Micro-economics.
- (2) Aggregate supply.
- (3) Overdraft facility.
- (4) Taxable income.

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

- (1) The law of diminishing marginal utility depends upon assumptions.
- (2) Macro-economics studies individual units.
- (3) The Central Bank works as a bankers' bank.

Q. 6. Answer the following questions in details : (Any TWO)

- (1) State the factors affecting demand.
- (2) State the law of supply with assumptions.
- (3) What is monopoly ? State its features.

