

## ECONOMICS

Time : 3 Hrs.

July - 2016

Marks : 80

**Q.1. (A) Fill in the blanks using proper alternatives given in the brackets:** (5)

- (1) Micro Economics is a study of .....  
(whole economy / general price level / national output / individual economic unit)
- (2) Indirect demand is also known as ..... demand.  
(derived / direct / composite / joint)
- (3) Under monopoly there is existence of .....  
(single buyer / several buyers / single seller / several sellers)
- (4) Produced means of production is known as .....  
(land / labour / capital / entrepreneur)
- (5) Budget is the ..... of the revenue and expenditure of the coming year.  
(exact value / estimate / planning of private sector / planning of co-operative sector)

**(B) Match the following:**

Group 'A'	Group 'B'
(a) Electricity	(1) Inelastic demand
(b) Complementary goods	(2) Share brokers
(c) Pension	(3) Elastic demand
(d) D-mat account	(4) Composite demand
(e) Central Bank	(5) Transfer income
	(6) Primary function of Commercial Banks
	(7) ATM facility
	(8) Apex banking institution

**(C) State whether the following statements are True or False:** (6)

- (1) Perfectly inelastic demand curve is parallel to 'X' axis.
- (2) Micro Economic theory assumes full employment.
- (3) There is no product differentiation under monopolistic competition.



- (4) Labour is a perishable factor of production.
- (5) Investment made by the government is autonomous investment.
- (6) The Cash Reserve Ratio does not affect the lending capacity of the commercial banks.

**Q.2. (A) Define or explain the following concepts (Any THREE):** (6)

- (1) Micro Economics
- (2) Service utility
- (3) Market demand
- (4) Induced consumption expenditure
- (5) Token coins
- (6) Government budget

**(B) Give reasons or explain the following statements (Any THREE):** (6)

- (1) Demand for habitual goods is normally inelastic.
- (2) Supply of land is perfectly inelastic.
- (3) Macro Economics is concerned with macro economic variables.
- (4) Rate of interest on fixed deposit is high.
- (5) Central Bank acts as a lender of the last resort.
- (6) A deficit budget may prove useful during the period of depression.

**Q.3. (A) Distinguish between (Any THREE):** (6)

- (1) Average Revenue and Average Cost.
- (2) Land and Capital
- (3) Partial equilibrium and General equilibrium.
- (4) Metallic money and Paper money.
- (5) Central Bank and Commercial Bank.
- (6) Revenue expenditure and Capital expenditure.

**(B) Write short notes (Any TWO):** (6)

- (1) Giffen's paradox.
- (2) Income elasticity of demand.
- (3) Difficulties in Barter system.
- (4) Credit creation.

**Q.4. Write short answers for the following questions (Any THREE):** (12)

- (1) Explain the Law of Demand.
- (2) Explain increase in supply and decrease in supply.
- (3) What is the importance of the study of Micro Economics?
- (4) Explain factors determining elasticity of demand.
- (5) Explain features of National income.
- (6) Explain qualitative measures of credit control adopted by the Central Bank.

**Q.5. Explain with reasons whether you 'agree' or 'disagree' with the following statements (Any THREE):** (12)

- (1) Price is the only factor that affects demand of a commodity.
- (2) Price elasticity of demand can not be measured by using geometric method.
- (3) There is direct relationship between price and quantity supplied.
- (4) Aggregate supply is influenced only by availability of natural resources.
- (5) Commercial banks perform agency functions to earn profit.
- (6) There is a difference between Micro Economics and Macro Economics.

**Q.6. Write explanatory answers (Any TWO):** (16)

- (1) State and explain in detail the Law of Diminishing Marginal Utility.
- (2) Define perfect competition and explain price determination under perfect competition.
- (3) Explain the 'Output Method' of measuring National income.
- (4) What is Aggregate demand? Explain the determinants of Aggregate demand.

