

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.

