

DAY — **12**

SEAT NUMBER

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2020 III 05

1100

**J-398**

(E)

## ECONOMICS (49)

Time : 3 Hrs.

(4 Pages)

Max. Marks : 80

- Note :*
- (1) All questions are compulsory.
  - (2) Draw neat tables / diagrams wherever necessary.
  - (3) Figures to the right indicate full marks.
  - (4) Write answers to all main questions on new pages.

**Q. 1. (A)** Fill in the blanks using appropriate alternatives given in the brackets : **[16]**

(5)

- (1) Micro economics is a \_\_\_\_\_ equilibrium approach.  
(partial / general / total / multi-variable)
- (2) Income elasticity of demand for inferior goods is \_\_\_\_\_.  
(positive / negative / zero / greater than one)
- (3) Investment made by the government is \_\_\_\_\_ investment.  
(induced / autonomous / gross / unplanned)
- (4) \_\_\_\_\_ is a primary function of commercial banks.  
(Purchasing and selling securities / Accepting deposits / Safe deposit vault / Letter of credit)

0 3 9 8

(5) When the government's revenue exceeds government's expenditure, it is known as \_\_\_\_\_ budget.

(surplus / balanced / deficit / unbalanced)

**(B)** Match the words from the following groups 'A' and 'B' correctly : (5)

- | Group 'A'                    | Group 'B'                   |
|------------------------------|-----------------------------|
| (a) Pen and ink              | (1) Factor cost method      |
| (b) Perfectly elastic supply | (2) Profit                  |
| (c) Reward of entrepreneur   | (3) Joint demand            |
| (d) Income method            | (4) Interest                |
| (e) Credit control           | (5) Horizontal supply curve |
|                              | (6) Commercial bank         |
|                              | (7) Vertical supply curve   |
|                              | (8) Central bank            |

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

- (1) Demand for luxurious goods is elastic.
- (2) Supply is indirectly related to price.
- (3) Under perfect competition products are not homogeneous.
- (4) Estimation of national income is possible with the help of money.
- (5) Commercial banks are the backbone of modern economy.
- (6) Central bank does not act as a lender of last resort for the commercial banks.

**Q. 2. (A)** Define 'or' explain the following concepts (Any THREE) : (6) [12]

- (1) Micro economics
- (2) Marginal cost
- (3) Natural monopoly
- (4) Entrepreneur
- (5) General equilibrium
- (6) Clearing house

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

- (1) Micro economics is also known as price theory.
- (2) Utility is ethically neutral.
- (3) Demand for necessary goods is inelastic.
- (4) Old age pension is transfer income.
- (5) Saving is the function of income.
- (6) As a banker to the government the central bank transfers government funds.

**Q. 3. (A)** Distinguish between the following terms (Any THREE) : (6) [12]

- (1) Individual demand and Market demand.
- (2) Extension in supply and Contraction in supply.
- (3) Slicing method and Lumping method.
- (4) Personal income and Personal disposable income.
- (5) Full bodied coins and Token coins.
- (6) Direct tax and Indirect tax.

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

- (1) Importance of micro economics.
- (2) Geometric method of measuring price elasticity of demand.
- (3) Features of pure competition.
- (4) Qualities of an entrepreneur.

**Q. 4. Answer the following questions (Any THREE) :** [12]

- (1) Explain the 'law of diminishing marginal utility'.
- (2) Explain the features of monopolistic competition.
- (3) Explain the scope and subject matter of macro economics.
- (4) Explain the subjective factors influencing consumption function.
- (5) Explain the various types of loans.
- (6) Explain capital receipts and capital expenditure as a part of capital budget.

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

- (1) There are many features of utility.
- (2) Many factors influence the demand for a commodity.
- (3) There are no exceptions to the law of supply.
- (4) There are many secondary functions of money.
- (5) Commercial banks perform many general utility services.
- (6) Central bank does not act as bankers' bank.

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

- (1) Explain the 'law of demand' with its assumptions.
- (2) What is 'elasticity of demand'? Explain the types of elasticity of demand.
- (3) What is 'national income'? Explain the theoretical difficulties involved in estimation of national income.
- (4) What is 'aggregate supply'? Explain the factors determining aggregate supply.

