

**SYJC PRELIMINARY EXAMINATION – ECONOMICS (49)****MARKS: 80****TIME: 3 HRS****NOTE:**

- 1) All questions are compulsory
- 2) Draw tables and diagrams wherever necessary
- 3) Figures to the right indicate full marks
- 4) Write answers to all main questions on a new page

**Q.1.A Choose the correct option:****(5) [20]**

i. Exceptions to the law of diminishing marginal utility.

- a) Cardinal measurement
- b) Hobbies
- c) Miser
- d) Money

**Options:** 1) Only a 2) a, b, c 3) b, c, d 4) a, c, d

ii. Statements that are related to unitary elastic demand

- a) Percentage change in price leads to proportionate change in quantity demanded
- b) Co-efficient of elasticity is equal to 1 ( $ed=1$ )
- c) Demand curve is a rectangular hyperbola
- d) It is a type of price elasticity of demand

**Options:** 1) a, b, c, d 2) a, b, c 3) only b 4) a, b

iii. Statements that are incorrect in relation to index numbers

- a) Index number is a geographical tool
- b) Index numbers measure changes in the air pressure
- c) Index numbers measure relative changes in an economic variable
- d) Index numbers are specialized averages.

**Options:** 1) c, d 2) a, b 3) b, c 4) a, c

iv. Theoretical difficulties in the measurement of national income

- a) Transfer payments

- b) Capital gains or losses
- c) Unpaid services
- d) Income of foreign firms

**Options:** 1) a, b, c 2) a, c, d 3) b, c, d 4) a, b, c, d

- v. Statements related to internal trade
  - a) It is trade between different countries in the world
  - b) It is also known as Home trade
  - c) It includes import trade, export trade and entrepot trade
  - d) Trade between Maharashtra and West Bengal

**Options:** 1) a, b 2) b, c 3) b, d 4) c, d

**Q.1.B. Complete the Correlation:** (5)

- i. Micro economics:  :: Macro economics: Income theory
- ii. Consumer goods: Direct demand :: Producer's goods:
- iii.  : Homogeneous product :: Monopolistic competition: Product differentiation
- iv. Direct tax : Personal income tax ::  : Goods and Services tax
- v.  : Savings account :: Time deposits : Recurring deposit

**Q.1.C. Give economic term:** (5)

- i. Aggregate of utilities derived by a consumer from all successive units of a commodity consumed.
- ii. Degree of responsiveness of a change in the quantity demanded to a change in the income.
- iii. Sum total of the quantity of a commodity produced at a given period of time in the economy.
- iv. Total income of the nation
- v. Financial statement showing the expected receipts and proposed expenditures of the government in the coming financial year.

**Q.1.D. Find the odd word:** (5)

- i. **Scope of micro economics** : Theory of Product Pricing, Theory of Factor Pricing, Theory of Economic Growth and Development, Theory of Economic Welfare
- ii. **Competitive demand** : car and fuel, tea or coffee, sugar or jaggery, pure ghee or vegetable oil
- iii. **Features of Oligopoly**: Few sellers, Advertising, Absence of transport cost, Uncertainty
- iv. **Cost concepts** : Total cost, Average Cost, Total revenue, Marginal Cost
- v. **Composition of India's imports** : Petroleum, Gems and jewellery, Chemicals, Fertilizers

**Q.2.A Identify and Explain the concepts: (Any 3)**

**(6) [12]**

- i. Gauri collected information about the income and expenditure of five families in her society.
- ii. Rhea's demand for low quality food grains did not rise even though there was a fall in its price.
- iii. Cosmec Company spends more on advertisements, exhibitions, free gifts and free samples to create more demand for its cosmetic products.
- iv. Sheetal purchased wheat flour for her bakery from the flour mill.
- v. Tina deposited a lump sum amount of Rs 1, 00, 000/- in the bank for a period of two years.

**Q.2.B. Distinguish between: (Any 3)**

**(6)**

- i. Slicing method and Lumping method
- ii. Perfectly elastic demand and Perfectly inelastic demand
- iii. Short period and Long period
- iv. Simple index number and Weighted index number
- v. Internal debt and External debt

**Q.3. Answer the following: (Any 3)**

**(12)**

- i. Explain the Point/Geometric method of measuring price elasticity of demand
- ii. Explain any four exceptions to the law of supply.
- iii. Explain any four features of national income.
- iv. Explain the functions of commercial banks

v. Explain any four points justifying the role of foreign trade.

**Q.4. State with reasons whether you Agree or Disagree with the following statements: (Any 3) (12)**

- i. Study of aggregates is the only feature of macro economics
- ii. Marginal utility curve slopes downwards from left to right.
- iii. Stock and Supply mean one and the same.
- iv. Monopoly is a type of imperfect market
- v. Under Output method, value added approach is used to avoid double counting.

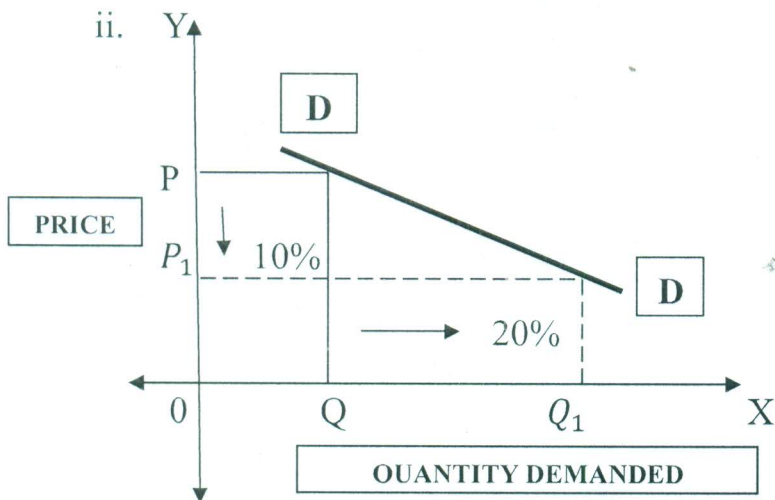
**Q.5. Study the following table, diagram, passage and answer the questions given below it: (Any 2) (8)**

i.

Units of x	TOTAL UTILITY	MARGINAL UTILITY
1	10	10
2	18	8
3	24	<input type="text"/>
4	28	4
5	30	<input type="text"/>
6	30	<input type="text"/>
7	<input type="text"/>	-2

- 1) Complete the above table : (2 marks)
- 2) Explain at which point the consumer reaches the maximum limit of satisfaction? (1mark)
- 3) Explain the concept of marginal utility ( 1mark)

ii.



1. Identify and explain the type of price elasticity from the above diagram (2marks)
2. Find out the co-efficient/degree of elasticity of demand (1 mark)
3. Slope of the demand curve DD is \_\_\_\_\_ (1 mark)

iii. Post-liberalization, public sector banks have diversified into non- traditional activities such as mutual funds, merchant banking, venture capital funding etc. There is also growth in para-banking activities such as leasing, hire-purchase and factoring services.

Merchant banking includes issue management, project counseling, working capital financing, foreign currency loans, portfolio management etc.

Retail banking offers financial services to individuals for personal consumption such as housing loans, loans for purchase of consumer durables, auto loans, educational loans, credit cards etc.

Banks have been permitted to enter into the life insurance business.

Through loan syndications and consortium financing, group of banks participate to provide funds and a range of services to Corporates.

1. Identify the areas of diversification undertaken by public sector banks post-liberalization (1 mark)
2. Explain 'merchant banking'. (1 mark)
3. Mention the financial services offered under retail banking. (1 mark)
4. Give your personal opinion based on the above passage. (1 mark)

**Q.6. Answer in detail: (Any 2)**

**(16)**

- i. "There is a functional relationship between price and quantity demanded"- Explain the law of demand based on the given statement.
- ii. Explain the meaning of Index Number and the various steps involved in the construction of index numbers.
- iii. Modern governments are working for 'welfare state' - Examine the reasons for continuous growth in public expenditure in India based on the given statement

**APPLICATION BASED TEST- (PRELIMINARY EXAMINATION)**

**MARKS: 20**

**TIME: 1 HOUR**

**Q.1. A. Choose the correct option: (4)**

- i. Neo-classical economists who have contributed to the development of micro economics
- a. Dr. Alfred Marshall
  - b. Prof. Pigou
  - c. Adam Smith
  - d. Prof. Ricardo

**Options:** 1) a, b 2) c, d 3) only a 4) b, d

- ii. Reasons for downward sloping demand curve
- a. Law of Diminishing Marginal utility
  - b. Income effect
  - c. Substitution effect
  - d. Single use

**Options:** 1) a, b, c 2) b, c, d 3) a, b, d 4) a, c, d

- iii. Goods having different degrees (positive, negative, zero) of cross elasticity of demand
- a. Substitute goods
  - b. Complementary goods
  - c. Non-related goods
  - d. Durable goods

**Options:** 1) a, b, c 2) b, c, d 3) a, c, d 4) a, b, d

- iv. Legal provisions that lead to emergence of legal monopoly
- a. Patents
  - b. Trademark
  - c. Copy rights

d. Climate

**Options:** 1) a, c, d 2) a, b, c 3) b, c, d 4) a, b, d

**Q.1.B Find the odd word:** (4)

- i. **Significance of the law of Diminishing Marginal Utility** – Consumers, Government, Banking, Paradox of values
- ii. **Types of elasticity of demand**— Price, Income, Cross, Ratio
- iii. **Limitations of Index Numbers**—Based on samples, Defects in formulae, Framing suitable policies, Misuse of Index numbers
- iv. **Importance of National income**—National policies, Economic planning, Economic Research, Illiteracy and ignorance

**Q.1.C Give economic term:** (4)

- i. Study of the behaviour of an individual unit of the economy.
- ii. Horizontal summation of individual demand curves.
- iii. Type of monopoly where the production is solely owned, controlled and operated by the government.
- iv. Incomes of self employed persons who use their own land, labour, capital and entrepreneurship to produce various goods and services.

**Q.1.D Complete the Correlation:** (4)

- i.  :  $\sum MU :: MU_n : TU_n - TU_{n-1}$
- ii.  $q_0$  : base year quantities ::  : current year quantities
- iii. Government receipts = Government expenditure :  ::  
Government receipts > Government expenditure : Surplus budget
- iv. GDP :  $C + I + G + (X - M)$  ::  :  $C + I + G + (X - M) + (R - P)$

**Q.2. Study the following situation and answer the questions given below it:** (4)

Mala visits a shopping mall near her residence. She shops for monthly groceries which include rice, wheat, sugar, cooking oil and pulses. She purchases additional quantities of sugar much more than her monthly requirement anticipating that prices may rise in the coming days due to festivities. She observes two different

qualities of tur dal out of which one quality is inferior and the other is superior. She does not purchase the low quality tur dal even though the mall offers 1kg free on the purchase of 1 kg. Instead she prefers to buy superior quality tur dal. Mala purchases Society tea in required quantities as she has the habit of drinking tea three times a day. Further, she prefers to buy Lux international soap even though its price is higher compared to other soaps as she feels it is of a better quality.

- i. Identify the category of goods purchased by Mala. (1 mark)
  - a. Necessities
  - b. Luxuries
- ii. Identify the exception to the law of demand in the sentence wherein Mala purchases additional quantities of sugar in anticipation of further rise in prices. ( 1 mark)
- iii. Identify the kind of good with reference to low quality dal. How would you justify Mala's behaviour as a consumer in this situation? ( 1mark)
- iv. Identify the exceptions to the law of demand in the illustrations Society Tea and Lux international soap. ( 1 mark)