

SCHOLAR'S ACADEMY

Prelim Exam

Time: 3 Hours
Subject: Economics

Marks: 80
Set: A

Q. 1. (A) Complete the following statements by choosing the correct alternatives: (5) [20]

- 1) MU of the commodity becomes negative when TU of a commodity is
a) rising b) constant c) falling d) zero
- 2) Demand curve is parallel to X-axis in case of
(a) perfectly elastic demand (b) perfectly inelastic demand
(c) relatively elastic demand (d) relatively inelastic demand
- 3) Index number is a tool.
(a) historical (b) geographical (c) statistical (d) linguistic
- 4) Money market faces shortage of funds due to.....
a) inadequate savings. b) growing demand for cash.
c) presence of unorganized sector. d) financial mismanagement.
- 5) Duty levied on is special levy.
(a) television (b) telephone (c) opium (d) notebook

(B) Find the odd word out:

(5)

- (1) Harmful Products: Alcohol, Poison, Opium, Milk.
- (2) Necessary Goods: Salt, Medicine, Milk, Perfume.
- (3) Financial Assets: Bonds, Land, Govt. Securities, Derivatives
- (4) Exceptions to the Law of Supply: Urgency of cash, Agricultural produce, Labour, Mobile phone.
- (5) Legal monopoly: Patent, OPEC, Copyright, Trade mark..

(C) Give an economic term:

(5)

- 1) A commodity which can be put to several uses.
- 2) Elasticity resulting from infinite change in quantity demanded.
- 3) Compulsory contribution from the person to the government without reference to special benefits confirmed.
- 4) Number of firms producing identical product.
- 5) The additional utility derived from the consumption of an additional (last) unit of a commodity.

D) Complete the correlation:

(5)

- 1) : Central Bank :: SBI : Commercial Bank
- 2) Output method : :: Income method : Factor cost method
- 3) Laaspeyre's index : :: Paasche's index : Current year quantities
- 4) Price taker : :: Price maker :: Monopoly.
- 5) Total revenue : :: Average revenue : TR/TQ

Q. 2. (A) Identify and explain the concepts from the given illustrations:

(Any THREE)

(6)

- 1) Bhushan refused to eat fifth chapati after eating four chapatis.
- 2) Vrinda receives monthly pension of Rs.5,000/- from the State Government.
- 3) ABC bank provides d-mat facility, safe deposit lockers, internet banking facilities to its customers..
- 4) India purchased petroleum from Iran.
- 5) ABC firm sold 10 chairs charging Rs1000 each and received Rs10000.

(B) Distinguish between: (Any THREE)

(6)

- 1) Time utility and Place utility.
- 2) Increase in Supply and Decrease in Supply.
- 3) Public finance and Private finance.
- 4) Laaspeyre's Index and Paasche's Index.
- 5) Demand deposit and Time deposit.

Q. 3. Answer the following questions in brief: (Any THREE)

[12]

- 1) Explain the features of Oligopoly.
- 2) Explain the features of Micro economics.
- 3) Explain the steps involved in the construction of index numbers.
- 4) Explain the role of capital market in India.
- 5) Explain the concept of foreign trade and its types.

Q. 4. State with reasons whether you agree or disagree with the following statements:

(Any THREE) [12]

- 1) Perfect competition means monopolistic competition.
- 2) Index numbers measure changes in the price level only.
- 3) Under output method, value added approach is used to avoid double counting.
- 4) Macro economics is different from micro economics.
- 5) When price of Giffen goods fall, the demand for it increases.

Q. 5. Study the following table, diagram, passage and answer the questions given below:

(Any TWO)

[8]

B) Observe the market supply schedule of potatoes and answer the following questions.

Price in ₹	Firms			Market supply (kg)
	"A"	"B"	"C"	
1	<input type="text"/>	20	45	100
2	37	30	45	<input type="text"/>
3	40	<input type="text"/>	55	155
4	44	50	<input type="text"/>	154

- 1) Complete the quantity of potato supplied by the firms to the market in the above table.
- 2) Draw the market supply curve from the schedule and explain it.

Unit of a commodity	TU units	MU units
1	6	6
2	11	5
3	15	4
4	15	0
5	14	-1

- 1) Draw total utility curve and marginal utility curve.
- 2) a) When total utility is maximum marginal utility is
- b) When total utility falls, marginal utility becomes

3) Read the given passage and answer the questions:

“The conventional notion of social security is that the government would make periodic payments to look after people in their old age, ill-health, disability and poverty. This idea should itself change from writing a cheque for the beneficiary to institutional arrangements to care for beneficiaries, including by enabling them to look after themselves, to a large extent.

The write-a-cheque model of social security is a legacy from the rich world at the optimal phase of its demographic transition, when the working population was numerals enough and earning enough to generate the taxes to pay for the care of those not working. This model is ill-suited for less, well-off India with growing life expectancy, increasing urbanization and resultant migration. Social security under urbanization will be different from social security in a static society.

- 1) State the conventional notion of social security.
- 2) What kind of conceptual change is suggested in the given paragraph?
- 3) What is a legacy of social security from the rich world?
- 4) Which features of India make the traditional model of social security ill-suited for the economy?

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

[16]

- 1) Explain non-tax sources of revenue of the Government.
- 2) State and explain the law of demand with exceptions.
- 3) What is price elasticity of demand? Explain its types.