

# SCHOLAR'S ACADEMY

## Prelim Exam

**Time: 3 Hours**  
**Subject: Economics**

**Marks: 80**  
**Set: B**

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**Q. 1. (A) Choose the correct options:**

**(5) [20]**

1) Concepts studied under Micro economics.

- a) National income    b) General price level    c) Factor pricing    d) Product pricing

Options:

- i) b and c            ii) b, c and d            iii) a, b and c            iv) c and d

2) Statements indicating consumer equilibrium:

- a) MU is greater than price                      b) MU is equal to price  
c) MU is less than price                          d) Price is less than one

Options:

- i) a and b            ii) a, b, c and d            iii) a, b and c            iv) only b

3) Homogeneous product is a feature of this market.

- a) Monopoly    b) Monopolistic competition  
c) Perfect competition                              d) Oligopoly

Options :

- 1) c and d    2) a, b and c  
3) a, c and d    4) only c

4) Statements that is 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 and d    2) a and b    3) b and c    4) a and d

5) Trends shown by Public expenditure of any Government shows following trend.

- a) Constant    b) Increasing    c) Decreasing    d) Fluctuating

Options :

- 1) only a    2) only b    3) only c    4) only d

**(B) Find the odd word out:**

**(5)**

- (1) Teacher, Singer, Dentist, Chair  
(2) Features of monopoly: Price maker, Entry barriers, Many sellers, Lack of substitutes.  
(3) Fees, Gifts, Grants, GST.  
(4) Types of Bank Accounts: Saving a/c, D-mat a/c, Recurring a/c, Current a/c  
(5) A commodity Exported by India: Gold, Readymade garments, Tea, Rice.

**(C) Give an economic term:**

**(5)**

- 1) Graphical representation of demand schedule.....  
2) Degree of responsiveness of a change of quantity demanded of a good to a change in its price.  
3) An index number measuring the general changes in the labour productivity over a period of time.

- 4) The difference between value of exports and imports during a year.
- 5) Financial transactions made for the maximum benefits of the society.

**D) Complete the correlation: (5)**

- 1) Micro economics: Tree: : Macro economics :.....
- 2) Salt: ..... : : Diamond: Prestige Goods
- 3) Perfectly elastic demand:  $E_d = \infty$  : : ..... :  $E_d=0$
- 4) Demand curve :..... :: Supply curve : Upward
- 5) Price Index : Inflation :: ..... : Agricultural production

**Q. 2. (A) Identify and explain the concepts from the given illustrations: (Any THREE) (6)**

- 1) Due to the floods in the village, the demand for various commodities declined even though prices remained constant.
- 2) Indian railway has decided to levy higher fares on the new route from 12 noon to 8 pm and lower fares from 8 am to 12 noon.
- 3) Rajendra has a total stock of 500 gel pens in his shop which includes the 200 gel pens produced in the previous financial year.
- 4) Raghu's father regularly invests his money in stocks and bonds.
- 5) England imported cotton from India, made readymade garments from it and sold them to Malaysia.

**(B) Distinguish between: (Any THREE) (6)**

- 1) Balance of payments and Balance of trade.
- 2) Internal debt and External debt.
- 3) Perfect competition and monopoly.
- 4) Organized sector and Unorganized sector of money market..
- 5) Perfectly elastic demand and Perfectly inelastic demand..

**Q. 3. Answer the following questions in brief: (Any THREE) [12]**

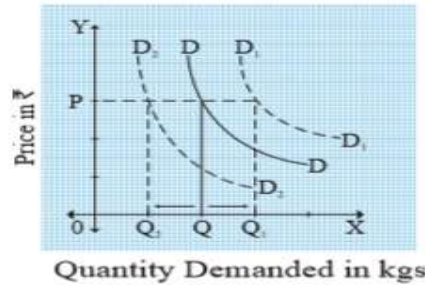
- 1) Explain the functions of commercial bank.
- 2) Explain the scope of Macro economics.
- 3) Explain the significance of index numbers in economics.
- 4) Explain the two sector model of circular flow of national income..
- 5) Explain types of taxes.

**Q. 4. State with reasons whether you agree or disagree with the following statements: (Any THREE) [12]**

- 1) Macro economics deals with the study of individual behavior.
- 2) There are many theoretical difficulties in the measurement of national income.
- 3) The goods and services tax (GST) has replaced almost all indirect taxes in India..
- 4) Trade is an engine of growth for an economy.
- 5) Price is the only determinant of demand.

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

2) Observe the given diagram and answer the following questions :



- 1) Rightward shift in demand curve .....
- 2) Leftward shift in demand curve .....
- 3) Price remains .....
- 4) Increase and decrease in demand comes under.....

Price of banana (per dozen) in ₹	Demand (in dozen)	Supply (in dozen)	Relation between DD and SS
10	500	100	DD > SS
20	400	<input type="text"/>	DD > SS
30	<input type="text"/>	300	DD = SS
40	200	<input type="text"/>	DD < SS
50	<input type="text"/>	500	DD < SS

- 1) Fill in the blanks in the above schedule.
- 2) Derive the equilibrium price from the above schedule with the help of a suitable diagram.

4) Calculate Laaspeyre's and Paasche's index from the given data :

Commodity	Base Year		Current Year	
	Price	Quantity	Price	Quantity
X	8	30	12	25
Y	10	42	20	16

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

[16]

- 1) State and explain law of supply with assumptions.
- 2) State and explain the law of diminishing marginal utility with exceptions..
- 3) Explain the total outlay method and ratio method of measuring elasticity of demand?