

**Class: 10+2**  
**Economics Question Bank for Differently Abled students**

**Objective type**

**1 Mark**

**Total Question: 350**

1. Give name of two branches of economics.

Ans (1) Micro (2) Macro

2. Choose correct answer; Among the following which is not a form of economic system?

(a) Democracy (b) Capitalism (c) Socialism (d) Mixed economy

Ans (a) Democracy

3. Who gave scarcity definition of economics?

Ans Lord Robbins.

4. Choose correct answer ;

The other name of Price theory is .....

(a) Macro Economics (b) Price Controle  
(c) Micro Economics (d) Political science

Ans (c) Micro Economics

5. Who gave Wealth definition of economics?

Ans Adam Smith.

6. Who gave welfare definition of economics?

(a) Marshall (b) J.S.Mill  
(c) Shapiro (d) Robbins

Ans (a) Marshall

7. The process relating to purchase and sale of commodity is known as .....

(a) Consumption (b) Exchange (c) Production (d) None of these.

Ans (b) Exchange

8. The meaning of word 'Economics' is.

Ans Household management

9. Micro Economics deals with economic problems at .....

Ans The level of an Individual.

10. Economics is the study of satisfying ..... needs with ..... means.

Ans Unlimited limited

11. Economics is derived from two words of which language?  
 Ans Greek
12. In which year Adam Smith wrote his Book 'An Enquiry into the Nature and Causes of Wealth of Nations'?  
 (a) 1776 (b) 1778 (c) 1890 (d) 1932.  
 Ans (a) 1776
13. Scarcity means a situation when supply of resources:  
 (a) equal to demand (b) more than demand  
 (c) less than demand (d) none of these  
 Ans (c) less than demand
14. Exchange is not an economic activity. (True/False)  
 Ans False
15. Choose correct Answer;  
 The problem 'what to produce' is concerned with;  
 (a) selection of method of production (b) Which goods to be produced  
 (c) small production  
 Ans (b) Which goods to be produced.
16. What is scarcity?  
 Ans It is a situation when the requirement of goods (resources) exceeds their availability.
17. What is meant by economic problem?  
 Ans Economic problem is the problem related to the efficient utilisation of limited resources for human welfare.
18. Slope of production possibility curve is ; (a) a straight line (b) convex to the point of origin 'O' (c) concave to the point of origin 'O' (d) None of these  
 Ans (c) concave to the point of origin 'O'
19. Who controls economic activities under centrally planned economic?  
 (a) Industrialists (b) Private firms (c) Governments (d) All of these  
 Ans (c) Governments
20. Increase (development) of resources means that production possibility curve;  
 (a) Shift to right (b) Shift to left (c) Rotates (d) None of these.  
 Ans (a) Shift to right

21. The resources for satisfying human wants are.....  
 (a) unlimited (b) limited (c) scarce (d) none of these

Ans (b)limited

22. The human wants are.....  
 (a) unlimited (b) limited (c) scarce (d) none of these

Ans (a)unlimited

23. Marginal opportunity cost = .....  
 $\Delta$  loss of output

Ans -----  
 $\Delta$  gain of output

24. Economic problem arise due to .....

Ans limited means and unlimited wants

25. Production possibility curve shows the possible production of the combination of 4 goods. (True/false)

Ans False

26. slope of production possibility curve shows .....  
 (marginal opportunity cost/ total cost)

Ans marginal opportunity cost

27. Due to heavy unemployment the production possibility curve shifts toward left. (True/false)

Ans True

28. Central problems of a market are solved by the ..... (government/ market forces)

Ans market forces

29. Complete the following table;

Units of commodity	1	2	3	4	5
Marginal Utility	18	15	12	10	8
Total Utility					

Ans 18,33,45,55,63.

30. Complete the following table;

Units of commodity	1	2	3	4	5
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Marginal Utility					
Total Utility	9	24	37	46	52

Ans --,15,13,9. 6

31. Complete the following table;

Units of commodity	1	2	3	4	5
Marginal Utility					
Total Utility	9	17	23	28	31

Ans -.8,6,5,3.

32. When marginal utility is negative, total utility is ----- .  
 (a) increasing (b) maximum (c) decreasing (d) minimum

Ans (b) maximum

33. Law of diminishing marginal utility was given by ----- .  
 (a) Marshal (b) Adam Smith (c) Gossen (d) All of these

Ans (c) Gossen

34. When Marginal Utility is positive, total utility is -----  
 (a) Maximum (b) diminishing (c) increasing (d) minimum

Ans (c) increasing

35. When Marginal Utility is zero, total utility is ----- .  
 (a) Maximum (b) diminishing (c) increasing (d) minimum

Ans (a) Maximum

36. Law of diminishing marginal utility is related to;  
 (a) consumption (b) exchange (c) production (d) None of these

Ans (a) consumption

37. When units of a commodity consumed increases, then marginal utility .....  
 (increases/decreases)

Ans decreases

38. Marginal Utility = .....

Ans  $MU = TU_n - TU_{n-1}$

39. Law of Diminishing Marginal Utility is the basis of progressive taxation system. (True/False)

Ans True

40. Fill in the blank;  
Demand schedule and Demand curve gives .....information. (Same/different)
- Ans same
41. Law of demand does not apply in case of  
(a) inferior goods (b) ordinary goods (c) real man (d) all of these
- Ans (a) inferior goods
42. Fill in the blank;  
Consumer's income and demand for goods have ..... relationship.
- Ans positive
43. Fill in the blank;  
The graphic presentation of demand of goods at different price level is.....
- Ans Demand Schedule
44. Fill in the blank; If at the same price demand rises ,it will be an example of .....
- Ans increase in Demand.
45. If demand decreases with increase in price ;  
(a) contraction of demand (b) extension of demand (c) increase in demand (d) decrease in demand
- Ans (a) contraction of demand
46. What are the different movement on the demand curve ?
- Ans Contraction of demand and extention of demand.
47. Choose right answer;  
Law of demand does not apply on ..... Goods. (Ordinary/inferior)
- Ans inferior.
48. fill in the blank;  
Law of demand explain ..... relationship between price and demand.
- Ans inverse
49. Demand curve always slopes .....
- (a) downward (b) upward (c) both ways (d) none of these
- Ans (a) downward
50. Inferior goods are those whose;  
(a) demand falls with rise in income  
(b) demand rise with fall in income

(c) demand is not influenced with change in income

(d) none of these

Ans (a) demand falls with rise in income

51. Demand of goods depend on .....

(A) Income (B) Price of goods (C) Price of related goods (D) All of the above.

Ans (D) All of the above.

52. If quantities demanded of a good increase due to fall in price then it would be a situation of 'Increase in demand'. (True/False)

Ans False.

53. If demand increases, even if price remains constant, it would be an example of .....in/of demand. (Increase/extension)

Ans Increase.

54. Giffen good is an example of limitation of law of demand. (True/False)

Ans True

55. What is meant by contraction of demand?

Ans When quantities of demand decrease due to rise in price, it is known as contraction of demand.

56. What is meant by extension of demand?

Ans When quantities of demand increase due to fall in price, it is known as extension of demand.

57. What is meant by decrease in demand?

Ans When demand decreases due to determinants other than price, it is known as decrease in demand.

58. What is meant by increase in demand?

Ans When demand increases due to determinants other than price, it is known as increase in demand.

59. Define complementary goods.

Ans Complementary goods are those goods which serve the demand of each other.

60. Which of following do not change when elasticity of demand is perfectly inelastic-

(A) Price (B) Demand (C) Supply (D) None of the above

Ans (B) Demand

61. Choose True/False: In a percentage method-

$$PED = (-) \frac{\Delta P}{P} \div \frac{\Delta Q}{Q}$$

Ans. False

62. When demand curve is parallel to X-axis, price elasticity of demand is\_\_\_\_\_.

- (A) Unitary (B) Zero (C) More than Unity (D) Infinite

Ans (D) Infinite

63. The elasticity on a point located in the middle of a straight demand curve is-

- (A) 2, (B) 1/2, (C) 1, (D) 4.

Ans (C) 1

64. When percentage change in demand is less than percentage change in price of a good, then demand is-

- (A) Perfectly inelastic (B) Perfectly elastic (C) Elastic (D) Inelastic

Ans (D) Inelastic

65. When demand curve is parallel to Y-axis, price elasticity of demand is\_\_\_\_\_.

- (A) Unitary (B) Zero (C) More than Unity (D) Infinite

Ans (B) Zero

66. Fill in the blanks:

When total expenditure \_\_\_\_\_ due to fall in price, elasticity of demand is more than unity. (Increases/decreases)

Ans Increases.

67. Price elasticity of demand=\_\_\_\_\_

$$= PED = (-) \frac{\Delta Q}{Q} \div \frac{\Delta P}{P}$$

68. Price elasticity of demand is a measurement of percentage change in demand due to percentage change in\_\_\_\_\_.

Ans Price.

69. The elasticity of demand of substitutes is elastic. (True/False)

Ans False.

70. The elasticity of demand of milk is inelastic.(True/False)

Ans True.

71. The elasticity of demand of necessary goods is less elastic. (True/False)

Ans True

72. Define price elasticity of demand.

Ans Price elasticity of demand is a measurement of percentage change in demand due to percentage change in price.

73. The elasticity of demand of necessities will be..... (Elastic/inelastic)

Ans Inelastic

74. Elasticity of vegetables is..... (Elastic/inelastic)

Ans Elastic.

75. The elasticity of demand of goods at higher price will be.....(Less/more)

Ans More

76. The demand of a commodity increases by 60% due to fall in its price by 80%. Find out price elasticity of demand.

Ans 0.75

77. The demand of potatoes decreases by 5% due to rise in its price by 8%. Find out price elasticity demand of potatoes.

Ans 0.62

78. If total expenditure of a consumer decreases due to fall in price of a good, it indicates that .....

- (A) It is an inferior good
- (B) Its price elasticity of demand is less than unity
- (C) Consumers lack interest
- (D) Producers get economies of production at large scale.

Ans (B) Its price elasticity of demand is less than unity

79. What is the concept of returns to scale?

Ans When producer increases all the factors of production in same ratio then the relation between factor inputs and production is called returns to scale.

80. Define production function.

Ans The functional relationship between physical inputs and physical outputs is called production function.

81. When total production is at its maximum level, then marginal production is equal to..... (A) Unity, (B) Maximum (C) Minimum, (D) Zero.

Ans (D) Zero.

82. Fill in the blanks-

When labour is used more as compared to capital, this technique is known as.....

Ans Labour intensive technique.

83. Law of diminishing marginal utility is implemented more oftenly on.....

Ans Agriculture.

84. What is opportunity cost?

Ans Opportunity cost is the value of next best alternative that is being sacrificed.

85. What will be the status of total production, if marginal production turns into negative?

(A) Total production starts falling after reaching at maximum level

(B) Total production is maximum

(C) Total production is at its optimum level

(D) None of the above

Ans (A) Total production starts falling after reaching at maximum level

86. Which of the following are external economies?

(A) Managerial economies

(B) Technical economies

(C) Economies related to labour

(D) None of the above

Ans (D) None of the above

87. Increasing returns to scale use to emerge when due to increase in all the factors of production in same proportion results in .....

(A) Proportionately more increase in production

(B) equal increase in production

(C) proportionately less increase in production

(D) None of the above.

88. With which of the following total production can be found out?

AP

(A)  $TP = \dots\dots\dots$

(B)  $TP = AP + L$

L

(C)  $TP = AP_{\bar{L}}$

(D)  $TP = AP_n - AP_{n-1}$

Ans - (c)  $TP = AP_{\bar{L}}$

89. Per unit production of a variable factor is known as .....

Ans Average Production

90. Law of variable proportions applies on ..... (Agriculture/Industry)

Ans Agriculture

91. Process of increasing utility in a good is called .....

Ans Production

92. In the stage of ..... of law of variable proportions, marginal production is negative.

Ans Diminishing returns

93. What is meant by primary inputs of production?

Ans The factors of production used in production process such as land, labour, capital and entrepreneur are called primary inputs.

94. If elasticity of supply is equal to unity and price of a good rises by 15%. Find out increase in supply.

Ans 15%

95. Choose right

When supply decreases-

(A) Equilibrium price rises

(B) Equilibrium price remains constant

(C) Equilibrium price falls

(D) None of the above

Ans (A) Equilibrium price rises

96. When change in supply of any goods is less than its price, then supply is said to be.....

Ans Inelastic

97. A supply curve forms  $45^\circ$  angle from its origin. Find out elasticity of supply.

Ans Equal to unity

98. When supply increases due to increase in income or fashion etc, it is called .....

(A) Contraction of supply

(B) Decrease in supply

- (C) Increase in supply
- (D) Extension of supply

Ans (C) Increase in supply

99. Decrease in supply due to fall in price is known as.....

- (A) Contraction of supply
- (B) Decrease in supply
- (C) Increase in supply
- (D) Extension of supply

Ans (A) Contraction of supply

100. What is meant by extension of supply?

Ans When supply of a good extends due to rise in its price it is known as extension of supply.

101. What do you mean by increase in supply?

Ans When the supply of a commodity increases due to other factors than the price of the commodity, it is called increase in supply.

102. What do you mean by contraction in supply?

Ans When the supply of a commodity decreases due to fall in the own price of a commodity other things being constant, it is called contraction in supply.

103. What do you mean by decrease in supply?

Ans When the supply of a commodity decreases due to other factors than the price of the commodity, it is called decrease in supply.

104. What do you mean by zero elasticity supply?

Ans When due to a certain percentage change in price of a commodity, there will be no corresponding percentage change in the supply of a commodity, then it is called zero elasticity of supply or inelastic supply.

105. If the supply curve is parallel to X-axis, what will be value of Price Elasticity of Supply?

Ans If the supply curve is parallel to X-axis, the value of Price Elasticity of Supply will be infinity.

106. If the supply curve is parallel to Y-axis, what will be value of Price Elasticity of Supply?

Ans If the supply curve is parallel to Y-axis, the value of Price Elasticity of Supply will be zero.

107. If there is a proportionate less change in supply than the price, the supply is.....elastic.

Ans Less.

108. Elasticity of Supply= .....

$$P \quad \Delta Q$$

Ans  $E_s = \dots \times \dots$

$$Q \quad \Delta P$$

109. State whether it is True or False?

$$MC = \frac{\Delta TC}{\Delta Q}$$

Ans True.

110. What is meant by Average Variable Cost? Explain with the help of formula.

Ans The per unit average variable cost of production is called Average Variable Cost.

$$AVC = \frac{TVC}{Q}$$

111. What is meant by Average Fixed Cost? Explain with the help of formula.

Ans The per unit average fixed cost of production is called Average Fixed Cost.

$$AFC = \frac{TFC}{Q}$$

112. Explain Average Cost with the help of formula.

Ans If we divide total cost of production with the amount of output produced, it is called average cost. It is also called per unit cost of output.  $AC = \frac{TC}{Q}$ ,  $AC =$

$AFC + AVC$

113. Fill in the blanks:  $AFC = \frac{TFC}{?}$

Ans Q

114. The per unit cost of production is called.....

Ans Average Cost.

115. Those cost of production which do not change with the change in output are called..... (a) Total Fixed costs (b) Variable costs (c) average cost

(d) None of these

Ans: (a) Total Fixed costs

116. Those cost of production which change with the change in output are called ..... (a) Total Fixed costs (b) Variable costs (c) average cost

(d) None of these

Ans Variable Costs.

117. Fill in the blanks:  $AVC = \frac{AC, TVC}{Q}$

Ans TVC

118. Fill in the blanks:  $AC = \frac{TC}{?}$  (Q, TVC)

Ans Q

119.  $TC = TFC + \dots\dots\dots$  (AVC, TVC)

Ans TVC

120. Marginal cost is the change in total cost which change with the change in output. (True/False)

Ans True

121. Average cost and Marginal cost are equal at .....point of the average cost curve.

Ans Lowest

122. What do you mean by Private cost?

Ans The cost which is incurred by a firm in order to produce a given volume of output is called Private cost.

123. When there is a corresponding increase in output, what will be the behaviour of the Average Fixed Cost Curve?

Ans It continuously decreases but never becomes zero.

124. What do you mean by Monetary Cost?

Ans Monetary cost means the total amount of monetary expenditures incurred by the producer in order to produce a given volume of output.

125. Why Total Fixed Cost is parallel to X-axis?

Ans As we know that the total fixed cost is fixed at all levels of output and never changes its value. This is the reason that this curve is parallel to X-axis.

126. If the total cost of production of producing 3 units of output is Rs. 50 and the

total cost of producing 4 units of output is Rs. 55, the marginal cost of producing 4<sup>th</sup> unit of output is....?

Ans 5

127. Which of the following is a Fixed Cost?

- (a) Electricity Bill
- (b) Expenditure on Raw Material
- (c) Wages of Daily Wagers
- (d) Interest on Fixed Capital

Ans Interest on Fixed Capital

128. Which of the following is True ?

- (a)  $TC = TFC \times TVC$
- (b)  $TC = TFC / TVC$
- (c)  $TC = TFC + TVC$
- (d)  $TC = TFC - TVC$

Ans (c)  $TC = TFC + TVC$

129. At the point of equilibrium, the marginal cost curve cuts the average cost curve at its lowest point. (True/False)

Ans True

130. In a perfectly competitive market .....

- (a) Price = AR = MR
- (b) MR curve lies below the AR curve
- (c) Average Revenue is Fixed
- (d) a and c both

Ans (d) a and c both

131. Which of the following statement is correct?

$$P \div Q$$

- (a)  $AR = \frac{P \times Q}{Q}$
- (b)  $AR = P + Q$
- (c)  $AR = P - Q$
- (d)  $AR = P \div Q$

$$P \div Q$$

Ans (a)  $AR = \frac{P \times Q}{Q}$

$$Q$$

132. When Marginal Revenue is Zero, then:

- (a) Total Revenue is lowest
- (b) Total Revenue is Zero
- (c) Total Revenue is Maximized

(d) Total Revenue is equal to marginal revenue

Ans (C) Total Revenue is Maximized

133. When marginal revenue is declining, total revenue is increasing at a ..... rate.

(a) Increasing (b) Decreasing (c) Constant (d) All of the above

Ans (b) Decreasing

134. When average revenue is not fixed, then marginal revenue is.....

(a) Increasing (b) Decreasing (c) Constant (d) None of these

Ans (b) Decreasing

135. Fill in the blanks:  $AR = \frac{?}{Q}$

(MR, TR)

Ans TR

136. Fill in the blanks:

$$\frac{\Delta TR}{\Delta Q} = ? \quad (AR, MR)$$

Ans MR

137. Average Revenue curve is also called demand curve. (True/False)

Ans True

138. Average revenue is always equal to price. (True/False)

Ans True

139. What do you mean by Maximum Profits?

Ans When the difference between Total Revenue and Total Cost is maximum, it is called maximum profits.

Ans (c) Total Revenue is Maximized

140. Which concept of income is equal to price?

(a) Total Revenue (b) Average Revenue  
(c) Marginal Revenue (d) None of the above

Ans Average Revenue

141. Net Profits = Total Revenue – Total Cost (True/False)

Ans True

142. What do you mean by Marginal Revenue?

Ans: With the sale of one more unit of output, whatever change is occurred in total revenue is called Marginal Revenue.

143. Break Even Point shows:



Ans true

156. Under monopoly goods are -----.

(a) Homogenous (b) Unique (c) heterogeneous (d) none of these.

Ans (b) Unique

157. In ----- market form there are only two producers.

(a) Monopoly (b) Duopoly (c) Oligopoly (d) monopolistic competition

Ans (b) Duopoly

158. Under which market form firm is price taker?

(a) Perfect competition (b) Monopoly  
(c) Monopolistic competition (d) None of these.

Ans (a) Perfect competition

159. Price discrimination is possible in ----- (Monopoly/perfect competition)

Ans Monopoly

160. .... determines price under perfect competition. (Firm/ Industry)

Ans Industry.

161. Homogeneous product is the main feature of ..... market.

Ans Perfect Competition

162. Which feature of perfect competition is not of pure competition

(perfect knowledge and perfect mobility, homogeneous goods)

Ans perfect knowledge and perfect mobility,

163. In case of monopolistic competition ..... goods are produced.

(homogeneous, different)

Ans different

164. The process of charging different prices from different buyers for the same good or service is called;

(a) price extension (b) price contraction  
(c) price discrimination (d) all of these.

Ans (c) price discrimination

165. Which market has comparatively less price and more production than the other market?

(a) Monopoly (b) perfect competition  
(c) oligopoly (d) monopolistic competition

Ans (b) perfect competition

166. A market where homogeneous goods are exchanged is called .....  
competition. (perfect/imperfect)

Ans perfect

167. Selling cost is the feature of Perfect competition. (True/false)

Ans False

168. Choose correct answer;

Equilibrium price falls when;

(a) Demand and supply are equal (b) Demand less than supply

(c) demand greater than supply (d) None of these

Ans (b) Demand less than supply

169. choose correct answer ;

Equilibrium price increases when;

(a) Demand and supply are equal (b) Demand less than supply

(c) demand greater than supply (d) None of these

Ans (c) demand greater than supply

170. That period of time, when supply is perfectly adjusted to change in demand is called;

(a) short period (b) very short period (c) mid period (d) long period

Ans (d) long period

171. Equilibrium price is determined by .....

(a) firm (b) industry (c) a partnership firm (d) none of these

Ans (b) industry

172. When there is excess demand, price will .....

(a) fall (b) increase (c) remains constant (d) none of these

Ans (b) increase

173. Equilibrium price ..... when demand of commodity decreases .

(a) decreases (b) increases (c) remains constant (d) none of these

Ans (a) decreases

174. In the long run ,price of a commodity is equal to its marginal ..... (cost, utility)

Ans cost

175. Price is more influenced by ..... in the short period . (demand, supply)

Ans demand

176. Under perfect competition, price is influenced by a firm (true , false)

Ans false

177. Minimum price is related to controlled price. (True , False)

Ans true

178. What is meant by 'excess demand' of a commodity?

Ans When market demand exceeds market supply of a commodity at a given price, it is known as excess demand.

179. Write the meaning of equilibrium price.

Ans Equilibrium price is that price which equates market demand of a commodity with its market supply

180. What is meaning of equilibrium point?

Ans The point which forces establishing equilibrium are equal is called point of equilibrium.

181. Macro economics studies;

(a) a particular individual (b) an industry (c) entire economy (d) none of these

Ans (c) entire economy

182. Write true/ false; Macro economics has no limit.

Ans true

183. Is statement given below is true or false?

The study of entire economy is macro economics.

Ans True

184. What do you mean by closed economy?

Ans Closed economy is that economy where is no import and export of goods by the producing sector.

185. Who is considered to be architect of modern macro economics?

Ans J.M.Keynes.

186. Which sector of the economy is the owner of factor of productions?

Ans Household sector.

187. More Government interference does not exist under macro economics.

(true/false)

Ans False

188. In macro economics, micro variables are assumed to be .....

Ans Constant

189. The Classical school of thought advocates .....

Ans Closed Economy

190. Define financial Sector.

Ans Financial sector is that financial system engaged in the activities relating to depositing and lending of money.

191. Which is the famous book of Keynesian?

Ans 'General Theory of Employment, Interest, and Money' written in 1936.

192. Which are the two main problems studied in macro economics?

Ans (i) Problem of unemployment (ii) Problem of inflation

193. What is called flow of money in an economy?

(a) Real flow (b) monetary flow (c) economic flow (d) none of these

Ans (b) Monetary flow

194. Flow of goods and services called .....

(a) Real flow (b) monetary flow (c) economic flow (d) none of these

Ans (a) Real flow

195. A quantity measurable at a particular point of time is known as .....

(a) Stock (b) flow (c) final stock (d) all these

Ans (a) Stock

196. A quantity measured over a specific period of time is known as .....

(a) Stock (b) flow (c) final stock (d) all these

Ans (b) flow

197. Saving, taxes and imports are the main .....of circular flow.

(injection, leakages)

Ans leakages

198. Consumption, investment and exports are the main ..... of circular flow.

(injections, leakages)

Ans injections

Ans When market demand exceeds market supply of a commodity at a given price, it is known as excess demand.

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 Ans true
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Ans (a) Real flow

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Ans (b) flow

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(a) Stock (b) flow (c) final stock (d) all these

Ans (a) Stock

217. Saving, taxes and imports are the main .....of circular flow.

(injection, leakages)

Ans leakages

218. Consumption, investment and exports are the main ..... of circular flow.

(injections, leakages)

Ans injections

219. Which are the factor payments?

Ans Wages, interest, rent and profits

220. Household Sector ..... goods and services. (consumes, produces)

Ans Consumes

221. What is meant by circular flow (of money)?

Ans Inter-dependence of various sectors of economy is known as circular flow.

222. What is monetary system?

Ans The system of economy, which deals with borrowing-(credit & debt.) and collects & maintains saving is known as monetary system.

223. What is meant by an economy?

Ans An open economy is that, which has economic-interaction with other economies.

224. Define withdrawal.

Ans Withdrawal is that factor which has negative (reverse) effect on production-process.

225. Define injection.

Ans Injection is that factor which has positive effect on production – process

226. Fill in the blanks

–G.D.P. at market price= NDP at market price + .....

Ans. Net Indirect taxes.

227. What are various parts of profit?

Ans. Dividend, undistributed profit and corporate profit.

228. What is base of difference between market price and factor cost concept?

(a) Direct taxes (b) indirect taxes (c) subsidy (d) net indirect taxes

Ans. (d) net indirect taxes

229. What is main parts of net factor income from abroad?

- (a) Net wages of employees
- (b) net income from property and entrepreneurship
- (c) net factor income from abroad
- (d) all of the above .

Ans. (c) net factor income from abroad.

230. Which from the following is not transfer payment?

- (a) Interest on national debt
- (b) pension
- (c) payment to housewife
- (d) payment to domestic servant.

Ans. (d) payment to domestic servant

231. The difference of indirect taxes and subsidy is known as.....

Ans. Net Indirect Taxes.

232. The sum total of real factor income received to humans from all sources and transfer payment is known as .....

Ans. Individual income or Personal income.

233. The residents, residing in one country, whose interests are attached to that country are known as .....

Ans. Normal residents.

234. Interest on National Debt is included in Personal Income (True/False)

Ans True

235. What do you mean by Private Income?

Ans Private Income is the factor income received by private sector from all sources, in a financial year and current Transfer Payments received from Govt. and other world.

236. Define Personal Income.

Ans Personal Income is the income received by individuals & families in the form of factor payments from all sources and current Transfer payments from abroad.

237. What is Transfer payment?

Ans The payments which are one-sided, that is from which no good or service is exchanged, is known as Transfer payment.

238. What is personal disposable Income?

Ans This is that income, which is received by families after giving compulsory payments and direct taxes to govt., from all sources, which they can expend & save according their will.

239. What is meant by gross Domestic product at market place?

Ans The sum total of market price of all goods & services, produced in a financial year in domestic boundary of a country is known as gross domestic product at market price.

240. Define depreciation?

Ans It is the gradual decrease in the economic value of the capital stock of a firm, nation or either entity, either through physical depreciation obsolescence is changes in the demand for the services of the capital in question.

241. What is mean by 'value added'?

Ans Value added is the difference between cost all of production and value intermediate consumption.

242. What do you mean by value of output?

Ans Value of output is the sum task of market prices of all produced goods & services during financial year. Value of output= Sale+ Change in stock.

243. What is the intermediate consumption?

Ans The consumption done on raw material for the production of goods is known as intermediate consumption.

244. What is change of stock?

Ans Difference between the final stock and initial stock of a firm in a financial year is known as change of stock.

245. What do you mean by double counting?

Ans When price of one commodity is counted more than once, It is known as double counting.

246. What is meaning of operating plus?

Ans Income received by any firm from" non-labour" sources, during production, such as income from property and entrepreneurship (for example: rent, sum total of interest and profit) is known as operating plus.

247. What do you mean by final expenditure?

Ans The expenditure done by different sectors on goods and services in a financial year, is known as final expenditure.

248. What are net-exports?

Ans Net-exports are the difference between exports and imports.

249. What do you mean by compensation of employers?

Ans It includes-

1. Cash wages & salary
2. Payment in kind
3. Contribution of owners for social security
4. Pension after retirement.

250. Write true/false:- National income, aggregate demand, aggregate supplies are macro-variables.

Ans true.

251. What is voluntary unemployment?

Ans This is that position where, the persons who are able to work but do not want to work at current wages.

252. There is \_ \_ relation between rate of interest and investment?

Ans Indirect relation.

253. From the point of Keynes, generally there is a ..... balance in the economy?

Ans under-employment equilibrium.

254. Average propensity to consume is equal to \_

- (a)  $\frac{Y}{C}$  (b)  $\frac{\Delta Y}{\Delta C}$  (c)  $\frac{C}{Y}$  (d)  $\frac{\Delta C}{\Delta Y}$

Ans (c)  $\frac{C}{Y}$

255. Average propensity to save (APS) is equal to:-  
(a)  $\frac{Y}{S}$  (b)  $\frac{\Delta Y}{\Delta S}$  (c)  $\frac{S}{Y}$  (d)  $\frac{\Delta S}{\Delta Y}$

Ans (c)  $\frac{S}{Y}$

256. Marginal propensity to save (MPS) is equal to:-  
(a)  $\frac{Y}{S}$  (b)  $\frac{\Delta Y}{\Delta S}$  (c)  $\frac{S}{Y}$  (d)  $\frac{\Delta S}{\Delta Y}$

Ans (d)  $\frac{\Delta S}{\Delta Y}$

257. Marginal propensity to consume is equal to:-

(a)  $\frac{Y}{C}$  (b)  $\frac{\Delta Y}{\Delta C}$  (c)  $\frac{C}{Y}$  (d)  $\frac{\Delta C}{\Delta Y}$

Ans (d)  $\frac{\Delta C}{\Delta Y}$

258.  $MPS + APS =$ ----- (1, zero)

Ans (a) 1

259. Aggregate demand is measured in term of \_ \_ \_ \_  
Consumption Expenditure (B) Demand (C) Supply (d) All of the above

Ans (a) consumption expenditure

260. Flow of goods and services is known as-----  
(a) Aggregate demand (b) consumption  
(c) Aggregate supply (d) all of the above

Ans Aggregate supply

261. Autonomous Investment is dependent of change of -----  
(income, expenditure)

Ans income

262. calculate Average propensity to consume, if Average propensity to save is 0.30

Ans 0.70

263. If  $MPS = 0.25$ , calculate  $MPC$ .

Ans 0.75

264. What will be  $MPS$ , When  $MPC = 0.75$

Ans 0.25

265. When  $MPS = 0.60$ , find out  $MPC$

Ans 0.40

266. When saving is zero then.

- (a) Income is more than expenditure
- (b) Income is less than expenditure
- (c) Income is equal to expenditure
- (d) none from the above.

Ans Income is equal to expenditure.

267. What will be MPC, when  $MPS=0.75$

Ans 0.25

268. Which from the following is correct?

- (a)  $k=\Delta Y/\Delta I$  (b)  $K=1/1-MPC$  (c)  $K=1/MPC$  (d) All of the above

269. What is meaning of ex-post Investment?

Ans Investment done on the machines.

270. Lesser is the marginal propensity to save, Lesser will be the multiplier.

(True/False)

Ans False.

271. The value of multiplier and the value of MPS are positively related.

(True/False)

Ans False

272. In case of over-employment equilibrium, there is .....

- a) Increase of price level only
- b) No increase in flow of goods and services.
- c) Aggregate Demand is more than demand required for full employment.
- d) All of above

Ans d) All of above

273. What is meant by wage-price elasticity?

Ans It implies that the increase or decrease of wages is directly affected by forces of labour demand and supply.

274. What will happen if  $AS>AD$ ?

Ans If  $AS>AD$  then there will be increase in unsold stock which will compel producers to decrease production until AS becomes equal to AD.

275. Under employment equilibrium is situation in which there is equilibrium but all factors;

- (a) Do not get full employment (b) Get only employment
- (c) Get lesser wages (d) None of the above

Ans (a) Do not get full employment.

276. Income Equilibrium point = Production Equilibrium point = Employment equilibrium point. (True/False)

Ans True

277. Injections decrease the level of AD and leakages increase it. (True/False)

Ans False

278. What is Say's law of market?

Ans Supply creates its own demand.

279. What is meant by money wages?

Ans Money wages are payment in monetary terms to labour for his work.

280. Multiplier is two sided sword. (True/False)

Ans True.

281.  $K = \frac{1}{1-MPS}$  (True/False)

Ans False

282. The value of multiplier and MPC have inverse relationship (True/False)

Ans False

283. Multiplier works in all under-developed countries. (True/False)

Ans False

284. If  $MPC=0$  then value of multiplier will be (a) 1 (b) 2 (c) 0 (d)  $\infty$

Ans (a)1

285. The right formula of multiplier is

$$\left( \frac{1}{1-MPC}, \frac{1}{MPC} \right)$$

Ans  $\frac{1}{1-MPC}$

286. By multiplying K with  $\Delta I$ , we get ..... ( $\Delta C, \Delta Y, \Delta S$ )

Ans  $\Delta Y$

287. Higher the value of MPC \_\_\_\_\_ will be the value of multiplier.

(Higher/Lower)

Ans Higher

288. What is meant by forward working of multiplier?

Ans When increase in investment leads to multiple increase in income, it is known as forward action of multiplier.

289. What is meant by backward working of multiplier?  
 Ans When decrease in investment leads to multiple decrease in income.
290. Deficient demand refers to a situation when Aggregate Demand is\_\_\_\_\_than Aggregate Supply necessary for equilibrium.  
 (a) Greater (b) Lesser (c) None of the above  
 Ans (b) lesser
291. In case of Deficient Demand, the level of income ,production and employment will be (a) Maximum (b) Less (c) Zero (d) Negative  
 Ans (b) Less
292. "Supply creates its own demand". It is statement of  
 (a) Adam Smith (b) Robins (c) J.B. Say (d) None of above  
 Ans (c) J.B. Say
293. In case of deficient demand, there is situation of less production, less income and underemployment. This situation is known as .....  
 (a) Inflation (b) Boom (c) Deflation (d) All of the above  
 Ans (c) Deflation
294. When AD is more than AS, then the situation is known as .....  
 (a) Deficient Demand (b) Deflation (c) Excess Demand (d) All of the Above  
 Ans (c) Excess Demand
295. Excess demand causes deflationary gap. (True/False)  
 Ans False
296. Give definition of Excess Demand.  
 Ans Excess Demand is a situation when AD is more than AS necessary for full employment.
297. Give definition of deflationary gap.  
 Ans When AD is lesser than AS which is sufficient for full employment equilibrium.
298. Give formula of deflationary gap.  
 Ans Deflationary gap =  $AD_F - AD_U$  where  $AD_U = AD$  at point of under employment  $AD_F = AD$  at the point of full employment
299. A policy which is being used by Government and Central Bank to bring economic stability by controlling amount of credit and rate of interest is known as.  
 (a) Fiscal Policy (b) Monetary Policy  
 (c) Economic Policy (d) None of the above

Ans (b) Monetary Policy

300. Which policy is concerned with public finance and public expenditure?

- (a) Fiscal Policy                      (b) Monetary Policy
- (c) Economic Policy                (d) None of the above

Ans (a) Fiscal Policy

301. The aim of cheap monetary policy is .....

- (a) Expansion of credit
- (b) Increase the demand of goods and services
- (c) Fill the deflationary gap
- (d) All of the above

Ans (d) All of the above

302. What should not be done out of the given options, if aggregate demand is low?

- (a) Reduction of tax rates    (b) Reduction in deficit financing
- (c) Reduction in public debt

Ans (b) Reduction in deficit financing

303. \_\_\_\_\_ Monetary policy is used to deal with excess demand (Cheap/Dear)

Ans Dear

304. Selling and buying of government securities is known as \_\_\_\_\_.

(Open Market Operation/Close Market Operations)

Ans Open Market Operations.

305. In case of deficient demand and deflationary gap, \_\_\_\_\_ monetary policy is applied by Central Bank. (Cheap/Dear)

Ans Cheap

306. Define SLR.

Ans Every bank is required to maintain a fixed percentage of its assets in the form of cash or other liquid assets. This ratio is known as Statutory liquidity ratio.

307. What is meant by Tax?

Ans Tax is a compulsory payment by citizens to government for financing public expenditure.

308. Define cheap monetary policy.

Ans It is a policy used by central bank to expand supply of money at low rate of interest.

309. Which is not the primary function of money?

- (a) Medium of Exchange (b) Measure of value  
(c) Transfer of value (d) None of the above

Ans (c) Transfer of value

310. What is meant by fiat money?

Ans The inconvertible paper money, made legal tender by a government decree is called fiat money.

311. What are the essential features of good money?

- (a) General Acceptance (b) Stability of Value (c) Divisibility (d) All of the above

Ans (d) All of the above

312. Define near money assets?

Ans The assets which can be easily convertible in money are known as near money assets like fixed deposits and recurring deposits.

313. Name the good which is acceptable as medium of exchange.

- (a) Money (b) Petrol (c) Metal (d) None of Above

Ans (a) Money

314. The exchange system in which goods are exchanged for goods is known as

- (a) Transfer System (b) Exchange System (c) Barter System (d) Transfer

Ans (c) Barter System

315. Which is near money out of the following?

- (a) Fixed Deposits (b) Bills of exchange (c) Treasury Bills (d) All of the above

Ans (d) All of the above

316. Full bodied money is money in which the value of money is .....to value of the metal used. (a) Equal (b) Lesser (c) Greater (d) Zero

Ans (a) Equal

317. The most important feature of money is.....

Ans Liquidity

318 The supply of money is a concept which implies amount of money with ..... (Public / Supplier of Money)

Ans Public

319 Indian Monetary System is based on .....

(Minimum Reserve System/Proportional System)

Ans Minimum Reserve System (from 1956)

320 There is no difference between Cheque and Money. (True/False)

Ans False

321. In comparison to money, near money is less liquid. (True/False)

Ans True

322. There are three alternatives measure of supply of money in India

(True/False)

Ans False

323. Fixed deposits are the deposits which can be withdrawn through cheques

(True/False)

Ans False

324. Name two private banks in Punjab.

Ans HDFC Bank, ICICI Bank

325. In an economy which organisation is known as lender of last resort?

Ans RBI

326. Credit control is done by which organisation in an economy?

Ans RBI

327. In a country which bank is known as banker of Govt.?

(a) Commerical Bank (b) Central Bank (c) Private Bank (d) Foreign Bank

Ans (b) Central Bank

328. RBI was established in which year? (a) 1905 (b) 1925 (c) 1935 (d) 1949

Ans (c) 1935

329. From the following select the method adopted by Central Bank as qualitative method for credit control.

(a) Bank Rate

(b) Open Market Operations

(c)Cash Reserve Ratio

(d)Credit Rationing

Ans (d) Credit Rationing

330. What is meant by credit control?

(a) Only Contraction of Credit

(b) Only Extension of Credit

(c) Extension & Contraction of Credit (d) Extension & Contraction of money.

Ans (c) Extension & Contraction of Credit

331. Credit creation by banks is done through..... (deposits/borrowing)

Ans Borrowing

332. In order to control inflation, central bank..... the bank rate.

(decrease/increases)

Ans Increases

333. Credit creation is main function of Central Bank (True/False)

Ans False

334. Central Bank of a country is not related to economic growth of that country

(True/False)

Ans False

335. Define e-banking?

Ans E-banking means electronic banking. Banks always have a website & account holders have independent access to it.

336. Define Repo rate?

Ans Repo rate refers to the rate at which commercial bank borrow money from central bank.

337. Tax is not a legal payment. (True/False)

Ans False

338. Govt. budget is divided into which two categories?

Ans Revenue budget & Expenditure budget

339. Select the correct answer;

Tax whose burden can be shifted to other person is:

(a) Direct Tax (b) Indirect Tax (c) Property Tax (d) None of the above

Ans (b) Indirect Tax

340. What is meant by deficit budget?

Ans Deficit budget means excess of budget expenses over budget revenue.

341. Select correct answer;

What are two parts of govt. budget.

(a) Revenue budget & Capital budget

(b) Revenue budget & Expenditure budget

(c) Tax budget & Non-Tax budget

(d) None of the above.

Ans (b) Revenue budget & Expenditure budget

342. Define development expenditure?

Ans Development expenditure refers to the expenditure of the government which helps in economic development by increasing production & real income of the Country.

343. Select the right answer;

Which of the following is direct tax?

(a) Sales Tax

(b) VAT

(c) Income Tax

(d) None of the above

Ans (c) Income Tax

344 Total revenue expenditure of the government over its total revenue receipts is called.....

(a) Primary deficit (b) Fiscal deficit (c) Revenue deficit (d) None of the above

Ans (c) Revenue deficit

345. The tax whose burden cannot be shifted is called.....

(a) Direct Tax (b) Indirect Tax (c) Excise Tax (d) None of the above

Ans (a) Direct Tax

346. Define Budget?

Ans Budget is an estimate of income & expenditure of government for a fixed period i.e. one year.

347. Fill in the blank; When demand of foreign currency increases than flexible exchange rate.....

Ans Increases

348. Fill in the blank:

Value of one country's currency in relation to another countries currency is called .....

Ans False

349. Define Balance of Payment.

Ans Balance of payment is the record of all economic transaction between the residents of the country & the rest of the world in a particular period of time.

350. Balance of payment can be;

(a) Favourable (b) Unfavourable (c) Balanced (d) All of the above

Ans (d) All of the above

351. What is balance of trade?

Ans The difference between import & export of goods or visible items for a given period is called balance of trade.

352. When value of exports is..... than value of imports, than it is favourable balance of trade (more/less)

Ans more

353. A visible good which has economic value is called .....

Ans Services

354. A visible good which has economic value is .....

Ans Goods

355. Unilateral transfer payments are known as..... items (Negative/Positive)

Ans Negative

356. The difference between import & export of a country's goods or visible items is known as.....

- (a)Balance of payment (b) Balance of Trade  
(c)Balance of Finance (d) None of the above

Ans (b) Balance of Trade

357. If value of visible import is more than value of visible exports than balance of trade will be.....

- (a) favourable (b) unfavourable/ deficit  
(c) balance (d) All of the above

Ans (b) unfavourable/deficit

358. The expenditure done by banking & insurance services & tourists is included in balance of trade (true/false)

Ans False

359. What is Unilateral (one-sided) transfers of balance of payment?

Ans Unilateral transfer is one sided transfer from one country to another.

360. When net balance of all receipts & payments is negative than this is called.....balance (surplus/deficit)

Ans Deficit.

2 Marks

Total Questions:146

1. What is Economics?

2. Write the Adam Smith's definition of Economics.
3. Give Marshall's definition of Economics.
4. Give Robins definition of Economics.
5. Give growth-oriented definition of Economics.
6. Why does the problem of choice arise?
7. What is meant by capitalism?
8. What is meant by mixed economy?
9. What is meant by socialism?
10. Define economic problem.
11. What is scarcity?
12. Describe in brief the two central problems of an economy.
13. Explain two characteristics of production possibility curve.
14. Define marginal opportunity cost.
15. What is meant by Utility?
16. What is Total Utility?
17. What is meant by Marginal Utility?
18. Define the law of diminishing marginal utility.
19. Define the law of equi-marginal utility.
20. Calculate marginal utility from the following table;

Consumed units	Total Utility	Marginal Utility
0	0	
1	10	
2	25	
3	38	
4	48	
5	55	

21. Calculate Total utility from the following table;

Consumed units	Marginal Utility	Total Utility
----------------	------------------	---------------

0	25	
1	20	
2	15	
3	10	
4	5	
5	0	

22. Complete the following table;

Consumed units	Total Utility	Marginal Utility
0	0	
1	15	
2	30	
3	42	
4	52	
5	61	

23. Define Demand.
24. What is difference between demand and quantity of demand?
25. What is demand schedule?
26. What is demand curve?
27. Define individual demand schedule and market demand schedule.
28. What is meant by substitutes goods?
29. What is meant by complementary goods
30. Define Giffen Goods
31. What is meant by movement along a demand curve?
32. What is meant by shift of the demand curve?
33. Demand for onions by three consumer 'A' , 'B', 'C' is given in the following schedule, assuming that there are only three consumers in the market , derive the market demand;

Price of onions (per Kg)	Demand of consumer 'A'	Demand of consumer 'B'	Demand of consumer 'C'
--------------------------	------------------------	------------------------	------------------------

20	60	70	30
25	55	60	25
30	50	55	20
45	45	45	15
60	40	30	10

34. What do you understand by price elasticity of demand? Name the methods of its measurement.
35. Give the formula to find out elasticity of demand by percentage method.
36. State two factors that affect the price elasticity of demand of a commodity.
37. What is production function? Name the different types of production function.
38. What is meant by diminishing returns to a factor?
39. What do returns to scale refer to?
40. Define increasing returns to scale.
41. Derive the Total product from the following table;

Units of Capital	Marginal Production
1	25
2	20
3	15
4	10
5	6
6	0
7	-5

42. Derive the Average product from the following table;

Units of Capital	Total Production
1	6
2	14
3	21
4	28
5	35
6	36
7	42

43. What is meant by movement along a Supply curve?
44. What is meant by shift of the Supply curve?.
45. How does the imposition of GST affect the Supply curve of a good by a firm?
46. Draw a straight line supply curve with infinite elasticity of supply.
47. Does TC always start from Y-axis in long run ?
48. What do you mean by explicit costs and implicit costs ? Give examples.
49. Why is short run marginal cost curve 'U' shaped?
50. What do you mean by variable costs and fixed costs?
51. What do you mean by Total costs? Which costs are included in it?
52. Find out the Average cost from the following schedule;

Units of Production	Total cost
1	70

2	80
3	120
4	160
5	220
6	300

53. Find out the Total cost from the following schedule;

Units of Production	Marginal cost
1	35
2	30
3	25
4	20
5	15
6	10

54. Find out the Average cost from the following schedule;

Units of Production	Total cost
1	110
2	140
3	180
4	230
5	290
6	360

55. Complete the following table;

Units sold	Marginal Cost	Total Cost
1	35	
2	30	
3	25	
4	20	
5	15	

56. Explain Marginal Revenue.

57. When does Marginal Revenue Curve become negative?

58. Why MR is less than AR for a Monopoly firm?

59. Complete the following table;

Units sold	Total Revenue	Average Revenue
1	12	
2	26	
3	36	
4	48	
5	50	

60. Complete the following table;

Units sold	Total Revenue	Average Revenue
1	8	
2	20	
3	36	
4	56	
5	80	

61. Who is producer?

62. What is meant by producer's equilibrium?

63. Distinguish between gross profit and net profit.

64. State the two conditions of producer's equilibrium for a competitive firm.

65. Distinguish between break-even point and shut-down point.

66. Define market.

67. What is monopoly?

68. Define Pure competition.

69. What is meant by price discrimination?

70. What is cartel ?

71. What is patent right? What is the objective of giving patent right?

72. What is meant by equilibrium ?

73. What is meant by ceiling price ?

74. What is meant by floor price ?

75. What is the effect of increase and decrease of demand on equilibrium price?

76. What is meant by short period?

77. Define Macro Economics .Name different branches of macro economics.

78. Differentiate Micro economics and Macro economics.
79. Describe briefly about the classical approach towards macro economics .
80. Describe briefly about the Keynesian approach towards macro economics
81. Define circular flow of money and income.
82. Define real flow.
83. Define Money flow.
84. Why is the flow of money is called circular flow?
85. What is stock?
86. What is flow?
87. Define the concept of leakages in the circular flow of income.
88. Define the concept of injections in the circular flow of income.
89. What is domestic territory?
90. Define private income.
91. Define personal income.
92. When will domestic factor income be greater than national income?
93. When will gross factor income be greater than national income?
94. What is meant by value added method?
95. What is meant by income method?
96. What is meant by expenditure method?
97. Find out the Value of Output from following data;
 

(Items)	(Rs in Crore)
(i) Sale	7000
(ii) Opening Stock	1200
(iii) Closing Stock	3000
98. Calculate value Added from given data;
 

(Items)	(Rs in Crore)
(i) Value of Output	25,000
(ii) Intermediate consumption	3000
(iii) Consumption of Fixed Capital	600
99. What is autonomous investment?
100. What is induced investment?
101. What is full employment?
102. Define involuntary unemployment.
103. What is meant by Average Propensity to Consume (APC)

104. Explain the relationship between MPC and MPS.
105. Explain the relationship between APC and APS
106. If National Income is Rs. 2000 crore and consumption expenditure is Rs 1600 crore, then calculate Average propensity to consume.
107. If average propensity to consume is 0.75, how much will be average propensity to save?
108. Define equilibrium level of income.
109. Explain 'Say's Law of market'.
110. Explain the adjustment mechanism if  $As < AD$ .
111. Calculate Aggregate Demand and Aggregate Supply from the following table;

Y	C	I	AD	AS
0	100	25		
200	150	25		
400	200	25		
500	250	25		
600	300	25		

112. What is multiplier ?
113. State the relationship between MPC and multiplier.
114. State the relationship between MPS and multiplier.
115. If MPC is  $\frac{4}{5}$  find the value of multiplier.
116. If marginal propensity to consume is 0.5 what will be the multiplier?
117. Find multiplier when  $MPS=0.8$
118. Find multiplier when  $MPS=0.5$
119. What is deficient demand?
120. What is excess demand?
121. Define inflationary gap.
122. Distinguish between Direct and indirect taxes.
123. What do you understand by cheap monetary policy and Dear monetary policy?
124. What is Bank Rate?
125. Distinguish between money and near money.
126. How fiat money is different from fiduciary money?
127. What is Commodity-Commodity economy?

128. Define Central Bank.
129. Define Commercial Bank.
130. What is meant by monetary policy
131. What are the two main facilities provided by modern banking?
132. Briefly explain two primary functions of commercial banks.
133. What is progressive tax?
134. What is regressive tax?
135. What is meant by primary deficit?
136. Define direct Tax
137. Define exchange rate.
138. What is meant by fixed rate of exchange?
139. Why is foreign exchange demanded?
140. Define foreign exchange market.
141. Define flexible exchange rate .
142. Give the meaning of unfavourable balance of payment.
143. What are the components of current account?
144. Find out the value of imports when the value of balance of trade is (-)Rs 1200 crore and the value of export is Rs 500 crore.
145. The balance of trade shows deficit of Rs 800 Crore.The value of export is Rs 900 crore. Find the value of imports.
146. The balance of trade shows deficit of Rs 1600 Crore.The value of export is Rs 1800 crore. Find the value of imports.

1. What is meant by Micro Economics? Give suitable definition of Micro Economics?
2. Write any four points of importance of Micro Economics.
3. Write any four limitations of Micro Economics.
4. What is Economics System? What do you know about its main types.
5. What are the Economic Problems? How does an economic problem arise?
6. What are the central problems of an economy? Why do they arise?
7. Discuss the problem, "How to produce"?
8. What is meant by Production Possibility Curve ? Analyse it with the help of table and diagram.
9. Why does the Production Possibility Curve look concave to the origin?
10. Discuss the concept of Opportunity Cost with the help of an example.
11. What is Marginal Opportunity Cost ? Analyse it with the help of a table and diagram.
12. What is meant by Consumer's equilibrium ? Give any one example.
13. What is Utility ? What are different concepts of Utility?
14. What is Total Utility and Marginal Utility?
15. Explain Consumer's equilibrium in case of consumption of a single commodity.
16. Explain Consumer's equilibrium in case of consumption of two commodities .
17. Complete the following Table;

Units of Commodity consumed	Total Utility (In Util)	Marginal Utility (In Util)
1	11	11
2	?	9
3	27	?
4	34	?
5	40	6
6	?	5
7	49	?

18. What is Demand ? How many types of Demand are there ?
19. What is Demand Schedule ? Explain Individual Demand Schedule .
20. Define Demand Schedule .Discuss Market Demand Schedule.
21. Demand of apple by three consumer 'A' 'B' 'C' is given in the following Schedule
22. Assuming that there are three consumer in the market ,derive the market Demand;

Per Unit Price of Apple	Consumer 'A' demand	Consumer 'B' demand	Consumer 'C' demand
10	20	30	35
15	17	26	30
25	15	22	26
35	13	20	21
50	10	15	18

23. Complete 'y' s Demand from the following schedule;

Price (Rs.)	Demand of 'X' (in meters)	Demand of 'Y' (in meters)	Demand of 'Z' (in meters)	Demand of market (in meters)
1	45		50	125
2	30		40	95
3	15		20	55
4	5		10	27

24. Define Demand curve ? Clarify Market Demand Curve.
25. Why does it slope downward from left to right?
26. Which are the exceptions to Law of Demand?
27. Differentiate between 'Extension in Demand' and 'Increase in Demand'.
28. Differentiate between 'Contraction in Demand' and 'Decrease in Demand'.

29. Write the meaning and definition of Price Elasticity of Demand. Which are different types of it?
30. Define Price Elasticity of Demand. Explain the proportionate method of measuring Price Elasticity of Demand.
31. At price Rs 5, the Demand of commodity is 60. Find out the Price Elasticity of Demand if the price rise is Rs 10 and Demand declined to 20 units.
32. When price of a commodity increases from Rs 16 a consumer buys 80 units of it. Elasticity of Demand is 1 on which price consumer buys 120 units ?
33. At a price Rs8 per unit a consumer buys 40 units of a good. The Price Elasticity of Demand is -2 .Find out the price at which the consumer will buy 60 units.
34. What is Production Function?
35. Briefly explain different types Production Function.
36. What is the Law of Variable Proportions?
37. What is meant by Returns to Scale?
38. Explain Law of Diminishing Returns with the help of table and diagram.
39. What is supply? How many types of supply are there?
40. Clarify the difference between Supply and Stock with the help of an example.
41. What is Supply Curve? Clarify Market Supply Curve.
42. Explain the change in Supply due to change in the Price
43. Write causes of Increase in Supply.
44. Explain the concepts of 'Extension of Supply' and 'Increase in Supply' with the help of diagram.
45. What do you understand by Price Elasticity of Supply?
46. Explain briefly various types of Price Elasticity of Supply.
47. Briefly explain different methods of measuring Price Elasticity of Supply.
48. Explain briefly the factors affecting Price Elasticity of Supply.
49. When price of a commodity increases from Rs 5 to Rs 6 per unit and supply increases 400 units to 500 units, then calculate price elasticity of Supply.
50. Per unit price of a commodity falls from Rs 40 to Rs 20 and as a result supply of the commodity falls from 400 units to 200 units. Calculate the Price Elasticity of Supply.
51. Explain the concept of Opportunity Costs with the help of diagram.
52. Explain the concept of Fixed Cost with the help of a Table and a diagram.
53. Explain the concept of Variable Cost with the help of a Table and a diagram.

54. What is total cost, average cost and marginal cost ?

55. Fixed cost of a firm is Rs 10. If following information is available ,find out Average Variable Cost, Average Cost and Marginal Cost ;

Units of Production (Q)	Total Cost (TC)
1	35
2	45
3	50
4	60
5	75
6	95
7	120

56. Total Cost of a firm is given below .Find out Average Fixed Cost and Marginal Cost at the every level of Production;

Units of Production (Q)	Total Cost (TC)
0	90
1	120
2	145
3	175

57. Write the meaning and definition of Revenue?

58. Explain its different concepts of Revenue.

59. Describe the importance of Concepts of Revenue.

60. What is Total Revenue, Average Revenue and marginal Revenue?

61. What is the shape of Revenue curve in Perfect Competition? Explain.

62. Revenue Curves in Monopoly are steeper and negatively sloping, Clarify.

63. Find out Average Revenue and Marginal Revenue from following schedule;

64. Find out Total Revenue and from following schedule;

Sold Units of Commodity	Marginal Revenue (Rs.)
1	20

2	20
3	20
4	20
5	20
6	20

65. What do you understand by a Producer? What is Producer's Equilibrium?
66. What is meant by 'Perfect Competition'. Briefly explain its features.
67. What is meant by 'Monopoly'. briefly explain its features.
68. What is meant by 'Monopolistic Competition' (Imperfect Competition). What are its main features.
69. Differentiate between Perfect Competition and Monopoly.
70. Differentiate between Perfect Competition and Monopolistic Competition.
71. What do you mean by Equilibrium Price?
72. How Equilibrium Price is determined under Perfect Competition?
73. How do increase in Demand affect Equilibrium Price? Explain.
74. What is the effect of decrease in Demand on Equilibrium Price?
75. What is the effect of increase in Supply on Equilibrium Price?
76. What is the effect of decrease in Supply on Equilibrium Price?
77. What is meant by Macro Economics?
78. What is Circular Flow of Income?
79. Differentiate Real Flow and Monetary Flow.
80. Briefly explain Three-Sector Model of Circular Flow of Income .
81. Find out Net Domestic Product at Factor Cost from the given data below;

Items	(Rs in Crore)
i. Gross Domestic Product at market price	800
ii. Depreciation	75
iii. Indirect Taxes	25
iv. Subsidy	10

82. What is National Income?
83. Distinguish between Stock and Flow.

84. Write features of national Income.

85. What is National disposable Income

86. What is Private Income?

87. What is Personal Income?

88. What do you understand by Personal Disposable Income?

89. Calculate Net Domestic Product at Factor Cost;

Items	Rs in Crore
i. Gross Domestic product at market price	650
ii. Depreciation	65
iii. Indirect Tax	75
iv. Subsidy	15

90. Calculate from the following data

(a) GDPmp

(b) Private Income

(c) Personal Income

Items	Rs in Crore
i. Gross Domestic product at factor cost	1200
ii. Net Factor Income from abroad	(-)100
iii. Net Indirect Tax	400
iv. Income from domestic product to private sector	800
v. Net current transfer from government administration departments	300
vi. Net Current transfer from rest of the world	200
vii. Saving of private corporate sector	200
viii. Corporate Tax	100

91. Calculate Gross National Disposable Income from the following data

Items	Rs in Crore
i. National Income	2000
ii. Net Factor Income from abroad	(-)50
iii. Consumption of fixed capital	200
iv. Net Current transfer from rest of the world	150
v. Net Indirect Tax	250

92. Distinguish between GDP<sub>mp</sub> and GDP<sub>fc</sub>.
93. What is meant by Aggregate Demand? What are its main constituents?
94. What is meant by aggregate Supply? What are the main components of aggregate Supply?
95. Explain in clear terms the concept of consumption function.
96. Explain diagrammatically aggregate demand curve and aggregate supply curve.
97. What are average propensity to consume (APC) and Marginal propensity to consume(MPC) ? Explain diagrammatically.
98. Explain the relationship between Marginal Propensity to Save(MPS) and Marginal propensity to consume(MPC).
99. What is Marginal propensity to consume(MPC) ? How does it influence the level of income in an economy?
100. What is meant by effective demand? Comment on aggregate demand and aggregate supply.
101. Explain marginal efficiency of capital.
102. Define investment. Distinguish between induced investment and autonomous investment.
103. Under what circumstances autonomous investment becomes essential?
104. Equality between As and AD implies the equality between S and I , Explain it.
105. How can the equilibrium be determined according to the Classical Approach?
106. According to Keynes, how is equilibrium determined in the economy?
107. What is investment Multiplier ? Explain with a suitable example.
108. In an economy marginal propensity to consume is 0.6 .If investment expenditure is increased by Rs 500 crore, then calculate the increase in income and consumption expenditure.
109. In an economy marginal propensity to consume is 0.8 .If investment expenditure is increased by Rs 4000 crore, then calculate the total increase in income and consumption expenditure.
110. In an economy national income is Rs 80,000 crore and marginal propensity to consume is 0.80 .If an investment worth Rs 10,000 crore is made ,how much will the total national income be?
111. What is meant by Problem of Excess Demand?
112. Write down four effects of excess demand .

113. What is meant by concept of Inflationary Gap ?
114. What is meant by Problem of Deficient Demand? Write its four impacts on Economy
115. What is excess demand ? Write four measures to correct excess demand.
116. What is deficient demand ? Write four measures to correct deficient demand.
117. What is Barter Exchange system ?
118. What do you mean by Money? Write any four functions of money ?
119. What is meant by Central Bank ? What are four primary functions of Central Bank?
120. What is meant by Commercial Bank ? What are four primary functions of Commercial Bank?
121. What is meant by E-Banking ? Which four facilities available under E-Banking.
122. How do commercial Banks help investors?
123. What do you understand by modernisation of Banks ?
124. Discuss any four trends concerning modernisation of banks in India.
125. What is government budget ?
126. What do you mean by a Budget Deficit ?
127. Briefly explain different types of Budget deficits ?
128. Explain various components of Revenue receipts .
129. Explain various components of Capital Receipts.
130. Define tax .Give two examples each of direct and indirect taxes.
131. Calculate primary deficit from the following data,
- | Items                                 | (Rs Crore) |
|---------------------------------------|------------|
| i. Fiscal deficit                     | 9,000      |
| ii. payment of interest by government | 400        |
132. What do you mean by Foreign Exchange Rate?
133. Explain Fixed Exchange rate.
134. Explain Flexible Exchange rate.
135. Discuss any four Merits of Fixed Exchange Rate.
136. Discuss any four Merits of Flexible Exchange Rate
137. Discuss any four Demerits of Fixed Exchange Rate.
138. Discuss any four Demerits of Flexible Exchange Rate.
139. Write the meaning and definition of Balance of Payments.
140. Differentiate between Balance of Trade and Balance of Payments.

141. What is meant by Current Account of Balance of Payments? Which items are included in it?
142. What is meant by Capital Account of Balance of Payments? Which items are included in it?

6 Marks (Gen)

Total Questions:74

- 1 . What is the difference between Micro Economics and Macro Economics?
2. State the main Central Problems of an Economy.
3. What is meant by Production Possibility Curve? Explain the central problems of an economy with this curve.
4. Write meaning and definition of Opportunity Cost .Explain it with the help of a practical example.
5. What is Utility? Explain in detail the relationship between Total Utility and Marginal Utility.
6. What is meant by Consumer's equilibrium? Explain Consumer's equilibrium in case of consumption of a single commodity.
7. What is meant by Consumer's equilibrium? Explain Consumer's equilibrium in case of consumption of two commodities .
8. Explain Law of Demand in detail .Which are exceptions to it?
9. What is demand curve? Why does it slope downward from left to right?

10. Differentiate between the following ;
  - (i) 'Extension in Demand' and 'Increase in Demand'.
  - (ii) 'Contraction in Demand' and 'Decrease in Demand'.
11. Define Price Elasticity of Demand and explain its degrees in detail.
12. Briefly explain different methods of measuring Price Elasticity of Demand.
13. What is Production Function? Explain its different types in detail.
14. What is the Law of Variable Proportions? Clarify the cause of its applicability. Is it possible to postpone the applicability of this law? .
15. What is meant by Returns to Scale ? Discuss its various laws in detail.
16. Explain Law of Diminishing Returns with the help of table and diagram .
17. What is supply? Explain the law of supply in detail.
18. Discuss briefly 'Movements along Supply Curve ' and 'Shift in Supply Curve'.
19. Define Price Elasticity of Supply .Explain various types of Price Elasticity of Supply.
20. Briefly explain different methods of measuring Price Elasticity of Supply.
20. Explain the factors affecting Price Elasticity of Supply.
21. What is meant by Costs? Which are different concepts of Costs?
22. What is total cost ,average cost and marginal cost ?
12. Explain the relationship between average cost and marginal cost with the help of diagram.
23. Give the meaning of Revenue? Explain its different concepts and describe the importance of Concepts of Revenue.
24. What is Total Revenue ,Average Revenue and marginal Revenue? Explain relationship among these.

25. What do you understand by a Producer? What is Producer's Equilibrium ? Discuss the conditions of Producer's Equilibrium according to Marginal Cost and Marginal Revenue Method.
26. Define Producer's Equilibrium .Explain the conditions of Producer's Equilibrium and explain Producer's equilibrium with Total Revenue And Total Cost approach.
26. What is meant by 'Perfect Competition'. Explain its features.
27. What is meant by 'Monopoly'. Explain its features.
28. What is meant by 'Monopolistic Competition'(Imperfect Competition). Explain its features.
29. What do you mean by Perfect Competition and Monopoly? Differentiate between Perfect Competition and Monopoly.
30. What do you mean by Perfect Competition and Monopolistic Competition? Differentiate between Perfect Competition and Monopolistic Competition.
31. What do you mean by Equilibrium Price ? How Equilibrium Price is determined under Perfect Competition? Explain it with the help of a table and diagram.
32. How do changes in Demand and Supply affect Equilibrium Price? Explain.
33. What is the effect of Shifts in Demand Curve on Equilibrium Price?
34. What is the effect of Shifts in Supply Curve on Equilibrium Price?
35. What is meant by Macro Economics ? Explain its importance.
36. What is Circular Flow of Income ? Explain Real Flow and Monetary Flow.
37. Explain Three-Sector Model of Circular Flow of Income in detail.
38. What is National Income ? Discuss the components included in it .also write its features.
39. Find out from the following data;

(i) Net Domestic Product at Factor Cost.

(ii) National Income.

Items	(Rs in Crore)
(i) Operating	18000
(ii) Net Factor Income from abroad	12890
(iii) Dividend	800
(iv) Compensation of Employees	15610
(v) Mixed Income	17500

40. Find out from the following data;

(i) Net Domestic Product at Factor Cost.

(ii) National Income.

Items	(Rs in Crore)
(i) Operating Surplus	690
(ii) Net Factor Income from abroad	175
(iii) Dividend	95
(iv) Compensation of Employees	800
(v) Mixed Income	1250

41. Calculate 'Gross National Product' at market price (GNPmp) and Net National Product at factor cost(NNPfc) from the following ;

Items	Rs .Crore
(i) Government Consumption expenditure	20
(ii) Net Indirect Taxes	16
(iii) Net Export	(-5)

(iv)Gross fixed capital formation	25
(v) Private final consumption expenditure	120
(vi)Net Increase in Stock	5
(vii) Net Factor Income from abroad	40
(viii) Consumption of fixed capital	10

42. Calculate Gross Domestic Production at market price (GDPmp) and Net National Production at factor cost (NNPfc)

Items	Rs. Crore
(i) Net Indirect Tax	38
(ii) Consumption of fixed capital	35
(iii) Net Income from abroad	(-)5
(iv) Rent	10
(v) Profit	27
(vi) Interest	23
(vii)Royalty	20
(viii) Wages and Salary	150

(ix) Contribution of employers in social security 25

43. Find out from the following data;

(i) Gross Domestic Product at Market Price.

(ii) National Income.

**Items**

**(Rs in Crore)**

(i) Government Final Consumption Expenditure	790
(ii) Private Final Consumption Expenditure	1999
(iii) Fixed Capital Formation	1051
(iv) Consumption of Fixed Capital	200
(v) Net Export	150
(vi) Net increase in Stock	205
(vi) Net Factor Income from Abroad	400
(viii) Net Indirect Taxes	165

44. Calculate Domestic Income and National Income from following data

Items	Rs .Crore
(i) Wages	10,000
(ii) Interest	400
(iii) Dividend	3,000
(iv) Rent	5,000
(v) Mixed Income	400
(vi) Undistributed Profits	200
(vii) Corporate profit Tax	400
(viii) Contribution to social security	1000

45. Calculate 'Net National Product' at market price (NNP<sub>mp</sub>) and Net National Product at factor cost (NNP<sub>fc</sub>) from the following ;

Items	Rs .Crore
(i) Government final Consumption expenditure	70

(ii) Net Indirect Taxes	90	
(iii) Subsidy	18	
(iv) Gross fixed capital formation	130	
(v) Net Price increase in stock	30	
(vi) Consumption of fixed capital	40	
(vii) Private final consumption expenditure		510
(viii) Export of Goods and Services	48	
(ix) Import of Goods and Services	56	
(x) Net Factor Income from abroad	(-)	3

46. What is Aggregate Demand? Explain the concept of Aggregate Demand with reference to General Price Level and Level of Employment .

47. What is Aggregate Supply ? Explain the concept of Aggregate Supply with reference to General Price Level and Level of Employment .

48. What do you mean by Propensity to Consume ? Explain its different concepts in detail.

49. What is meant by Propensity to Consume and propensity to save ? Briefly explain the relationship between concepts related to them.

50. What is meant by Investment ? Explain determinants of Investment and discuss relationship between Investment and Rate of Interest.

51. Explain the concept of Aggregate Supply according to Classical approach.

52. . Explain the concept of Aggregate Supply according to Keynesian approach.

53. Discuss marginal efficiency of capital.

54. How can the equilibrium be determined according to the Classical Approach?

55. According to Keynes, how is equilibrium determined in the economy?

56. Explain with the help of diagrams that Equilibrium of Employment and Income is not necessary to be determined at Full Employment Level.
57. Explain forward working and backward working of Investment Multiplier with the help of a diagram and give its features .
58. What is meant by Problem of Deficient Demand? What is its impact on Economy ? Explain it.
59. What is meant by Problem of Excess Demand? What is the impact of Excess Demand on Output and prices ? Explain.
60. What is meant by concept of Inflationary Gap ? How does Inflationary Gap influence Output and Prices .Discuss.
61. How can the Problem of Deficient Demand And Excess Demand be solved through Monetary Policy and Fiscal Policy?
62. What is Monetary Policy? Which are its different instruments?
63. What is Fiscal Policy? Which are its different instruments?
- 64.what is Barter Exchange system ? Discuss its drawbacks.
- 65.What do you mean by Money? What are its main functions ?
- 66.What is meant by Central Bank ? Explain various functions of Central Bank.
67. What is meant by Commercial Bank ? Explain various functions of Commercial Bank
- 68.What is meant by E-Banking ? Explain different facilities available under E-Banking.
- 69.What do you mean by a Budget Deficit ? Briefly explain different types of Budget deficits ?
- 70.Explain various components of Revenue receipts and Capital Receipts.
- 71.Critically evaluate Fixed Exchange rate .
72. Critically evaluate Flexible Exchange rate .

73. What do you mean by Exchange Rate ? Describe the Merits and Demerits of Flexible Exchange Rate .

74. What is meant by disequilibrium of Balance of Payments? What causes disequilibrium of Balance of Payments