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Question Bank

Standard:- 12th

Subject :- ECONOMICS (49)

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सूचना

१. फक्त विद्यार्थ्यांना प्रश्नप्रकारांचा सराव करून देण्यासाठीच
२. सदर प्रश्नसंचातील प्रश्न बोर्डाच्या प्रश्नपत्रिकेत येतीलच असे नाही याची नोंद घ्यावी.

QUESTION BANK FOR ECONOMICS (49)

OBJECTIVE TYPE QUESTIONS:

1. CHOOSE THE CORRECT OPTION:

i. Scope of micro economics.

- a) Theory of Product Pricing
- b) Theory of Growth and Development
- c) Theory of General Price Level and Inflation
- d) Theory of Income and Employment

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

ii. Statements related to macro economics.

- a) It is the study of aggregates
- b) It is based on certain assumptions
- c) It takes into account interdependence between aggregate economic variables
- d) It is a policy oriented science

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

iii. 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

iv. Criticisms to the law of diminishing marginal utility

- a) Based on unrealistic assumptions
- b) Not applicable to indivisible and bulky goods
- c) The law is restricted to satisfaction of a single want
- d) In reality, cardinal measurement of utility not possible

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

v. Statements that explain Giffen's paradox

- a) It is an exception to the law of demand
- b) It is applicable to inferior or low quality goods
- c) Demand increases when the prices of inferior goods fall
- d) It was identified by Prof. Alfred Marshall

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

vi. Statements related to decrease in demand

- a) It is a type of change in demand
- b) It takes place due to unfavourable changes in other factors like tastes, income etc.
- c) Price remains constant
- d) Demand curve shifts to the right hand side of the original demand curve

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

vii. Statements that are incorrect in relation to perfectly inelastic demand

- a) Percentage change in price has no effect on quantity demanded
- b) Co-efficient of elasticity is equal to 1 ($ed=1$)
- c) Demand curve is a horizontal line parallel to X axis
- d) It is a type of price elasticity of demand

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

viii. Statements that are related to cross elasticity of demand

- a) Change in quantity demanded of one commodity due to a change in the price of other commodity
- b) It is a type of elasticity of demand
- c) It is applicable to complementary goods and substitutes
- d) It is expressed as $E_y = \frac{\% \Delta Q}{\% \Delta Y}$

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

ix. Statements related to the concept of stock

- a) It is the total quantity of a commodity available with the seller at a particular point of time
- b) By increasing production, stock can be increased.
- c) Normally, stock exceeds supply
- d) Stock is a flow concept

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

x. Exceptions to the law of supply

- a) Constant cost of production
- b) Constant technique of production
- c) Does not apply to agricultural goods
- d) No change in weather conditions

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

xi. Features of Oligopoly market

- a) There are few firms or sellers

- b) Sellers sell differentiated product
- c) There is free entry and exit of firms
- d) There is considerable element of uncertainty in this type of market

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

xii. Characteristics of Long period market

- a) All factors of production and costs are variable
- b) Firms are able to adjust all costs
- c) It is for a few years, generally up to five years
- d) Supply of commodity cannot be increased

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

xiii. Features of Index numbers

- a) It is useful in framing suitable economic policies
- b) It is useful to present financial data in real terms
- c) Index numbers are statistical devices
- d) Index numbers are specialized averages

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

xiv. Statements related to weighted index number

- a) Suitable weights are assigned to various commodities
- b) It gives relative importance to the commodity in the group
- c) In most cases, quantities are used as weights
- d) Laaspeyre's Price index and Paasche's Price Index are methods of constructing weighted index number

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

xv. Precautions to be taken while estimating national income by Output method

- a) Only value of final goods and services must be taken in to account
- b) Indirect taxes included in the market prices are to be deducted
- c) Subsidies given by the government on certain products must be added
- d) Sale and purchase of second hand goods should be considered

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

xvi. Practical difficulties in the measurement of national income

- a) Illegal income
- b) Problem of double counting
- c) Inadequate and unreliable data
- d) Valuation of inventories

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

xvii. Essential characteristics of a tax

- a) It is a voluntary contribution to the government
- b) Every citizen of the country is legally bound to pay the tax imposed upon him
- c) Tax is imposed on income, property or commodities or services
- d) The tax payer receives direct and proportionate benefits from the government in return for the tax

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

xviii. Non tax revenue sources

- a) Special assessment
- b) Fines and penalties
- c) Goods and Services tax
- d) Gifts, grants and donations

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

xix. Structure of organized sector of money market

- a) Reserve Bank of India
- b) Commercial banks
- c) Co-operative banks
- d) Indigenous bankers

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

xx. Classification of Commercial banks in India

- a) Public sector banks
- b) Private sector banks
- c) Foreign banks
- d) Central bank

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

xxi. Features of Composition of India's foreign trade

- a) Increasing share in Gross National income
- b) Increase in volume and value of trade
- c) Division of labour and specialization
- d) Stability in price level

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

xxii. Statements incorrect in relation to Balance of Trade

- a) It is also referred to as international trade balance
- b) Trade surplus arises when export value is greater than import value
- c) Trade deficit takes place when import value is greater than export value
- d) Balance of trade includes value of imports and exports of visible goods only

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

2. Complete the Correlation.

- i) Microeconomics: Mikros :: Macro economics :
- ii) General equilibrium: macro economics :: : micro economics
- iii) Toys made of clay: :: Woollen clothes : place utility
- iv) Aggregate utility from all units consumed: Total utility:: Additional utility from last unit - consumed :
- v) Demand curve: :: Supply curve : upward
- vi) Tea and coffee : :: Electricity : composite demand
- vii) Relatively elastic demand : $E_d > 1$:: Relatively inelastic demand :
- viii) Steeper demand curve : Relatively inelastic demand :: Flatter demand curve:
- ix) Total cost : $TFC + TVC$:: Average cost :
- x) Expansion of supply : Price rises :: Contraction of supply :
- xi) Perfect competition : Free entry and exit :: : barriers to entry
- xii) Monopoly : Price discrimination :: product differentiation
- xiii) : Base year price :: P_1 : Current year price
- xiv) Laaspeyre's index : :: Paasche's Index : Current year quantities
- xv) : $C + I + G + (X - M)$:: GNP : $C + I + G + X - M + (R - P)$
- xvi) Output method: :: Income method : Factor cost method
- xvii) : Protection from external attacks :: Optional function : Provision of social security.
- xviii) Income tax: Direct tax :: GST :
- xix) : Commercial bank :: Credit control : Central bank
- xx) Primary market : New issues launched to raise capital :: Old issues through - stock market.

xxi) Goods purchased from other countries : :: Goods sold to other countries : Export

xxii) Export value > import value : Trade surplus :: Import value > Export value :

3. Give economic terms:

- i. Branch of economics that deals with small part of national economy –
- ii. Average of all prices of goods and services currently being produced in an economy –
- iii. Utility that arises when ownership of goods is transferred from one person to another –
- iv. Aggregate of utility derived by the consumer from all units of a commodity consumed –
- v. Total demand for a commodity from all the consumers at a given price during a given period of time.
- vi. Demand for a commodity which can be put to several uses –
- vii. Degree of responsiveness of a change in quantity demanded to a change in the income of the consumer –
- viii. Infinite change in the quantity demanded of a commodity taking place due to slight or zero change in the price –
- ix. Rise in the quantity supplied of a commodity due to a rise in its price, other factors remaining constant –
- x. Net addition made to the total cost by producing one more unit of output –
- xi. Type of market showing some but not all the features of a competitive market –
- xii. Number of firms producing differentiated products which are closely related –
- xiii. Index numbers that measure changes in the level of output or physical volume of production in the economy.
- xiv. Device that measures changes in an economic variable or a group of variables over a period of time –
- xv. Net market value of all final goods and services produced within the territorial boundaries of a country during a period of one year –
- xvi. Wear and tear of capital assets due to their use in the process of production-
- xvii. Tax paid at the time of production or sale and purchase of a commodity or service-
- xviii. Policy that deals with public expenditure, public revenue and public debt –
- xix. Deposits that are repayable after a certain period of time -
- xx. Policy that aims at managing the quantity of money in order to meet the requirements of different sectors of the economy and to increase the pace of economic growth -
- xxi. Purchase of goods and services by one country from another country-
- xxii. Systematic record of all international economic transactions of a country during a given period usually a year –

4. Find the odd word:

i) Features of Microeconomics

Price theory, Slicing method, limited scope, lumping method

ii) Scope of macroeconomics -

Theory of product pricing, Theory of income & employment, Theory of general price level and inflation, Macro theory of distribution

iii) Exception to law of Diminishing Marginal Utility -

Miser, hobbies, addictions, speculation

iv) Types of Utility -

Total Utility, Time Utility, Possession Utility, Service Utility

v) Assumptions to law of demand -

Constant level of income, No changes in taxation policy, No change in size of Population, Cardinal measurement

vi) Types of Demand -

Individual Demand, Direct Demand, Competitive Demand, Complementary Demand

vii) Types of Elasticity of Demand -

Unitary elasticity, Income elasticity, Cross elasticity, Price elasticity

viii) Method of measuring Price elasticity of demand -

Ratio Method, Total Outlay Method, Income Method, Geometric Method

ix) Exception to Law of Supply -

Urgent Need for Cash, Perishable Goods, Agricultural Goods, Prestige Goods

x) Cost Concepts -

Total Cost, Marginal Cost, Average Cost, Production Cost

xi) Market on the basis of Place -

Local Market, National Market, International Market, Long Period Market

xii) Selling Cost -

Expenditure on Television Broadcasts, Hoardings, Exhibitions, Mobile Handsets

xiii) Types of Index Numbers -

Price Index, Quantity Index, Simple Index, Value Index

xiv) Steps involved in the construction of index number -

Selection of commodities, Selection of base year, Selection of Cost, Selection of items, Selection of Price Quotation

xv) Concepts of National Income -

GDP, NNP, LIC, GNP

xvi) Practical difficulties in Measuring National Income -

Problem of double counting, Unreliable data, Illegal income, Depreciation

xvii) Non-Tax revenue -

Special assessment, Special levy, GST (Goods & Service Tax), Fees

xviii) Optional functions of Government -

Provision of education and health services, social security measurement, Protection from external attacks, welfare measures

xix) Organized sector -

Co-operative Banks, Commercial Banks, Money Lenders, Reserve Bank of India

xx) Unregulated Non Bank financial intermediaries -

Indigenous Bankers, Chit Funds, Nidhi, Loan Companies

xxi) Types of Foreign trade -

Import Trade, Export Trade, Entrepot Trade, National Trade

xii) Development of New Port -

Kandla, Cochin, Mumbai, Nhava Sheva

5. Complete the Following Statements.

- i) Theory of economic welfare, basically deals with _____**
- a) Efficiency in allocation of resources
 - b) Product Pricing
 - c) Factor Pricing
 - d) Efficiency in Product
- ii) Macroeconomics is the branch of economics which analyses the _____**
- a) Part Economy
 - b) Entire Economy
 - c) Mixed Economy
 - d) Political Economy
- iii) Unit at which MU (Marginal Utility) becomes equal with market price is _____**
- a) Producers equilibrium
 - b) Consumers' equilibrium
 - c) Partial equilibrium
 - d) General equilibrium
- iv) In relationship between Total Utility & Marginal Utility, MU (Marginal Utility) of a commodity becomes negative when TU (Total Utility) of a commodity is _____**
- a) rising
 - b) constant
 - c) falling
 - d) Zero
- v) The demand for a commodity which can be put to several uses is known as _____**
- a) Joint Demand
 - b) Composite Demand
 - c) Direct Demand
 - d) Derived Demand
- vi) The Law of Demand was introduced by _____**
- a) Prof. Adam Smith
 - b) Prof. Alfred Marshall

- c) Prof. Joan Robinson
- d) Prof. Keynes

vii) Demand curve is parallel to 'Y' axis in case of _____

- a) Perfectly elastic demand
- b) Perfectly inelastic demand
- c) Relatively elastic demand
- d) Relatively inelastic demand

viii) $E_d = 0$ in case of _____

- a) Luxuries
- b) Normal goods
- c) Necessities
- d) Comforts

ix) Downward movement along the same supply curve should _____

- a) Contraction of Supply
- b) Decrease in Supply
- c) Expansion of Supply
- d) Increase in Supply

x) Net addition made to total cost by producing one more unit of output is _____

- a) Average Cost
- b) Marginal Cost
- c) Total Cost
- d) Variable Cost

xi) The interaction of demand and supply to determine price of a commodity in perfect competition is _____

- a) Market Price
- b) Normal Price
- c) Fluctuating Price
- d) Equilibrium Price

xii) Product Differentiation is the main feature of _____

- a) Perfect Competition
- b) Monopolistic Competition

- c) Monopoly Market
- d) Oligopoly Market

xiii) Index number was originally developed to measure _____

- a) Changes in quantity level
- b) Changes in price level
- c) Changes in agricultural production
- d) Changes in Industrial Production

xiv) Index number which is computed from a single variable called is a _____

- a) Composite Index
- b) Double Variate Index
- c) Univariate Index
- d) Multivariate Index

xv) In India, national income is estimated using _____

- a) Expenditure Method
- b) Income Method
- c) Output Method
- d) Combination of Output and Income method

xvi) NNP is obtained by _____

- a) Deducting Depreciation from GNP
- b) Deducting Depreciation from GDP
- c) Including Depreciation from GNP
- d) Including Depreciation from GDP

xvii) Government borrows from its citizens, banks, central Bank etc. is known as _____

- a) Internal Debt
- b) Public Debt
- c) External Debt
- d) Government Debt

xviii) Financial (Fiscal) policy is implemented by the _____

- a) Central Bank
- b) Reserve Bank of India
- c) Government
- d) Commercial Bank

xix) Capital market is a market for _____

- a) Short term funds
- b) Long term funds
- c) Liquidity Management
- d) Indigenous bankers

xx) Deposits that are withdrawable on demand are known as _____

- a) Time deposits
- b) Demand deposits
- c) Fixed deposits
- d) Recurring deposits

xxi) Buying and selling of goods and services within the boundaries of a nation are referred to as _____

- a) Foreign trade
- b) Internal trade
- c) Export trade
- d) Entrepot trade

xxii) Balance of trade is also referred to as _____

- a) National trade balance
- b) International trade balance
- c) Balance of Payment
- d) Systematic record of all international economic transactions

6. ASSERTION AND REASONING TYPE QUESTIONS:

i. Assertion (A): Micro economics uses slicing method.

Reasoning (R): Slicing method is the study of the whole economy rather than its part.

- Options:**
- 1) (A) is True but (R) is False
 - 2) (A) is False but (R) is True
 - 3) Both (A) and (R) are True and (R) is the correct explanation of (A)
 - 4) Both (A) and (R) are True and (R) is not the correct explanation of (A)

ii. Assertion (A): Macro- economic analysis shows how the general price level is determined.

Reasoning (R): It deals with determination of the prices of goods and services as well as factors of production.

- Options:**
- 1) (A) is True but (R) is False
 - 2) (A) is False but (R) is True
 - 3) Both (A) and (R) are True and (R) is the correct explanation of (A)
 - 4) Both (A) and (R) are True and (R) is not the correct explanation of (A)

- iii. Assertion (A):** Utility depends on the intensity of want.
Reasoning (R): The concept of utility has no ethical consideration.
Options: 1) (A) is True but (R) is False
 2) (A) is False but (R) is True
 3) Both (A) and (R) are True and (R) is the correct explanation of (A)
 4) Both (A) and (R) are True and (R) is not the correct explanation of (A)
- iv. Assertion (A):** MU curve slopes upwards.
Reasoning (R): MU goes on diminishing with every successive increase in the consumption of a commodity.
Options: 1) (A) is True but (R) is False
 2) (A) is False but (R) is True
 3) Both (A) and (R) are True and (R) is the correct explanation of (A)
 4) Both (A) and (R) are True and (R) is not the correct explanation of (A)
- v. Assertion (A):** All desires are not demand.
Reasoning (R): In Economics, demand means a desire which is backed by willingness and ability to pay
Options: 1) (A) is True but (R) is False
 2) (A) is False but (R) is True
 3) Both (A) and (R) are True and (R) is the correct explanation of (A)
 4) Both (A) and (R) are True and (R) is not the correct explanation of (A)
- vi. Assertion (A):** Under exceptional cases demand curve has a positive slope.
Reasoning (R): In exceptional cases, consumer buys more when the price of a commodity rises and buys less when the price of commodity falls.
Options: 1) (A) is True but (R) is False
 2) (A) is False but (R) is True
 3) Both (A) and (R) are True and (R) is the correct explanation of (A)
 4) Both (A) and (R) are True and (R) is not the correct explanation of (A)
- vii. Assertion (A):** The slope of demand curve is a rectangular hyperbola in case of unitary elastic demand.
Reasoning (R): In unitary elastic demand, percentage change in price leads to more than proportionate change in quantity demanded.
Options: 1) (A) is True but (R) is False
 2) (A) is False but (R) is True
 3) Both (A) and (R) are True and (R) is the correct explanation of (A)
 4) Both (A) and (R) are True and (R) is not the correct explanation of (A)

viii. Assertion (A): Total expenditure method measures elasticity of demand at a given point on the demand curve.

Reasoning (R): Total expenditure refers to the product of price and quantity demanded.

- Options:**
- 1) (A) is True but (R) is False
 - 2) (A) is False but (R) is True
 - 3) Both (A) and (R) are True and (R) is the correct explanation of (A)
 - 4) Both (A) and (R) are True and (R) is not the correct explanation of (A)

ix. Assertion (A): Without stock, supply is not possible

Reasoning (R): Stock is the source of supply.

- Options:**
- 1) (A) is True but (R) is False
 - 2) (A) is False but (R) is True
 - 3) Both (A) and (R) are True and (R) is the correct explanation of (A)
 - 4) Both (A) and (R) are True and (R) is not the correct explanation of (A)

x. Assertion (A): The supply curve of labour slopes downwards.

Reasoning (R): After a certain point of time, when wage rate rises, the supply of labour (hours of work) tends to fall.

- Options:**
- 1) (A) is True but (R) is False
 - 2) (A) is False but (R) is True
 - 3) Both (A) and (R) are True and (R) is the correct explanation of (A)
 - 4) Both (A) and (R) are True and (R) is not the correct explanation of (A)

xi. Assertion (A): Monopolist is a price maker.

Reasoning (R): Monopolist can fix the price of his own product as he controls the whole market supply.

- Options:**
- 1) (A) is True but (R) is False
 - 2) (A) is False but (R) is True
 - 3) Both (A) and (R) are True and (R) is the correct explanation of (A)
 - 4) Both (A) and (R) are True and (R) is not the correct explanation of (A)

xii. Assertion (A): Product differentiation is the main feature of monopolistic competition.

Reasoning (R): Under monopolistic competition, all the products are perfect substitutes to each other.

- Options:**
- 1) (A) is True but (R) is False
 - 2) (A) is False but (R) is True
 - 3) Both (A) and (R) are True and (R) is the correct explanation of (A)
 - 4) Both (A) and (R) are True and (R) is not the correct explanation of (A)

xiii. Assertion (A): Index numbers are statistical devices.

Reasoning (R): Index numbers measure only changes in the price level over a period of time.

- Options:**
- 1) (A) is True but (R) is False
 - 2) (A) is False but (R) is True
 - 3) Both (A) and (R) are True and (R) is the correct explanation of (A)
 - 4) Both (A) and (R) are True and (R) is not the correct explanation of (A)

xiv. Assertion (A): Generally, arithmetic mean is used in the construction of index numbers.

Reasoning (R): Arithmetic mean is simple to compute compared to other averages.

- Options:**
- 1) (A) is True but (R) is False
 - 2) (A) is False but (R) is True
 - 3) Both (A) and (R) are True and (R) is the correct explanation of (A)
 - 4) Both (A) and (R) are True and (R) is not the correct explanation of (A)

xv. Assertion (A): In national income, value of only final goods and services produced in the economy are considered.

Reasoning (R): National income is always expressed in monetary terms.

- Options:**
- 1) (A) is True but (R) is False
 - 2) (A) is False but (R) is True
 - 3) Both (A) and (R) are True and (R) is the correct explanation of (A)
 - 4) Both (A) and (R) are True and (R) is not the correct explanation of (A)

xvi. Assertion (A): Transfer payments are included in national income.

Reasoning (R): Transfer payments such as pension, unemployment allowance etc. are a part of Government expenditure.

- Options:**
- 1) (A) is True but (R) is False
 - 2) (A) is False but (R) is True
 - 3) Both (A) and (R) are True and (R) is the correct explanation of (A)
 - 4) Both (A) and (R) are True and (R) is not the correct explanation of (A)

xvii. Assertion (A): Public expenditure is that expenditure which is incurred by the public authority [Central, State and Local Bodies]

Reasoning (R): Public expenditure is undertaken for protection of citizens, satisfying their collective needs and promoting their economic and social welfare.

- Options:**
- 1) (A) is True but (R) is False
 - 2) (A) is False but (R) is True
 - 3) Both (A) and (R) are True and (R) is the correct explanation of (A)
 - 4) Both (A) and (R) are True and (R) is not the correct explanation of (A)

xviii. Assertion (A): Raising debt is the most common activity of any government.

Reasoning (R): Government expenditure generally exceeds Government revenue.

- Options:**
- 1) (A) is True but (R) is False
 - 2) (A) is False but (R) is True
 - 3) Both (A) and (R) are True and (R) is the correct explanation of (A)
 - 4) Both (A) and (R) are True and (R) is not the correct explanation of (A)

xix. Assertion (A): Credit control is an important function of commercial banks.

Reasoning (R): Commercial banks create deposits out of loans given thereby leading to credit creation.

- Options:**
- 1) (A) is True but (R) is False
 - 2) (A) is False but (R) is True
 - 3) Both (A) and (R) are True and (R) is the correct explanation of (A)
 - 4) Both (A) and (R) are True and (R) is not the correct explanation of (A)

xx. Assertion (A): Stock exchange is an important constituent of the money market.

Reasoning (R): Stock exchange is an organization in which stocks, bonds, commodities etc are traded.

- Options:**
- 1) (A) is True but (R) is False
 - 2) (A) is False but (R) is True
 - 3) Both (A) and (R) are True and (R) is the correct explanation of (A)
 - 4) Both (A) and (R) are True and (R) is not the correct explanation of (A)

xxi. Assertion (A): Trade is an engine of growth for an economy.

Reasoning (R): Trade plays an important role for economic development.

- Options:**
- 1) (A) is True but (R) is False
 - 2) (A) is False but (R) is True
 - 3) Both (A) and (R) are True and (R) is the correct explanation of (A)
 - 4) Both (A) and (R) are True and (R) is not the correct explanation of (A)

xxii. Assertion (A): Balance of trade is also referred to as Balance of payments.

Reasoning (R): Balance of trade includes the value of imports and exports of visible goods and invisible goods.

- Options:**
- 1) (A) is True but (R) is False
 - 2) (A) is False but (R) is True
 - 3) Both (A) and (R) are True and (R) is the correct explanation of (A)
 - 4) Both (A) and (R) are True and (R) is not the correct explanation of (A)

Q.2.A. Identify and Explain the concepts from the given illustrations:

- i.** Mala collected information about the income and expenditure of twenty five families from her locality.
- ii.** Ramesh analyzed the total investments, total employment, total consumption and total savings of the economy for the financial year 2019-20.
- iii.** Rohan created a jewellery box out of pieces of wood.
- iv.** Kavita consumed an additional unit of bread to satisfy her hunger.
- v.** Kaushik purchased 10 kgs of wheat for his monthly consumption at Rs 40/- per kg.
- vi.** Aman purchased sewing machines and furniture for his tailoring shop.
- vii.** Kiran's demand for milk remained unchanged even when its price increased by 10%.
- viii.** At Amulya Café, the demand for tea increased by 5% due to a 10% rise in the price of coffee.
- ix.** Amar sells 50 dozens of mangoes daily at Rs 300/- per dozen.
- x.** Ajay's papad and pickle producing unit incurred expenditure of Rs 50,000/- on machinery, Rs 1, 00,000/- towards rent and Rs 2, 00,000/- on wages for the workers during 2018-19.
- xi.** Anoop Ayurveda produces unique herbal hair oil which has no close substitutes.
- xii.** Sunrise Cosmetic Company spends on advertisements, broadcasts on radio and television as well as distributes free samples of its shampoo product to in order to increase its demand
- xiii.** Bombay Stock Exchange has developed "Sensex" as a stock market index for reflecting the share prices of listed companies.
- xiv.** Agricultural Research Institute constructed an index number to measure changes in the production of raw cotton in Maharashtra during the period 2015-2020.
- xv.** Manish purchased 100 metres of cotton textile to produce readymade shirts at his garment factory.
- xvi.** Sarla, a retired school teacher receives a monthly pension of Rs 20,000/- from the Government.
- xvii.** Prakash paid an income tax of Rs 62,000/- during the accounting year 2018-2019.
- xviii.** Reserve Bank of India helps to raise loans for both the Central and State Governments by selling government bonds, securities etc.
- xix.** AVM bank provides d-mat facility, internet banking, and mobile banking facilities to its customers.
- xx.** Kerala-based company K Jewellers intends to raise Rs 1000 crore by fresh issuance of shares.
- xxi.** Tamil Nadu purchases wheat from Punjab and Uttar Pradesh.
- xxii.** Alfonso mangoes from Maharashtra are sold in the international market.

Q.2.B Distinguish between:

- i.** Slicing method and Lumping method
- ii.** Partial equilibrium and General equilibrium
- iii.** Time utility and Place utility
- iv.** Total utility and Marginal Utility
- v.** Direct demand and Indirect demand
- vi.** Joint/Complementary demand and Composite demand
- vii.** Individual demand schedule and Market Demand Schedule
- viii.** Demand curve and Supply Curve
- ix.** Expansion of demand and Contraction of demand
- x.** Increase in demand and Decrease in demand
- xi.** Price elasticity of demand and Income elasticity of demand
- xii.** Perfectly elastic demand and Perfectly inelastic demand
- xiii.** Stock and Supply
- xiv.** Expansion of supply and Contraction of supply
- xv.** Increase in supply and Decrease in supply
- xvi.** Total cost and Total revenue
- xvii.** Short period and Long period
- xviii.** Perfect Competition and Monopoly
- xix.** Monopoly and Monopolistic competition
- xx.** Simple index number and Weighted index number
- xxi.** Price index number and Quantity index number
- xxii.** Gross Domestic Product and Net Domestic Product
- xxiii.** Public finance and Private finance
- xxiv.** Revenue expenditure and Capital expenditure
- xxv.** Direct tax and Indirect tax
- xxvi.** Internal debt and External debt
- xxvii.** Money market and Capital market
- xxviii.** Demand deposits and Time deposits
- xxix.** Import trade and Export trade
- xxx.** Internal trade and Foreign trade
- xxx.** Balance of payment and Balance of Trade

Q.3 Answer the following:

- i.** Explain any four features of microeconomics
- ii.** Explain the scope of microeconomics
- iii.** Explain any four features of macroeconomics
- iv.** Explain the scope of macroeconomics
- v.** Explain any four types of utility
- vi.** Explain any four features of utility
- vii.** Explain the relationship between total utility and marginal utility
- viii.** Explain any four types of demand

- ix. Explain the types of elasticity of demand
- x. Explain any four exceptions to the law of supply
- xi. Explain any four features of perfect competition
- xii. Explain the concept of oligopoly with any four features
- xiii. Explain any four features of monopoly
- xiv. Explain any four features of monopolistic competition
- xv. Explain the types of index numbers

xvi. Construct Quantity index number from the given data:

Commodity	A	B	C	D	E
Base year quantities	170	150	100	195	205
Current year quantities	90	70	75	150	95

- xvii. Explain any four features of national income
- xviii. Explain the two sector model of circular flow of national income
- xix. Explain any four non- tax sources of public revenue
- xx. Explain the structure of organized sector of money market in India
- xxi. Explain the structure of unorganized sector of money market in India
- xxii. Explain the functions of commercial banks
- xxiii. Explain the role of money market in India (any four)
- xxiv. Explain the role of Indian Capital Market (any four)
- xxv. Explain the types of foreign trade

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

- i. The scope of microeconomics is unlimited
- ii. Macroeconomics is different from Microeconomics
- iii. When total utility is maximum, marginal utility is zero
- iv. There are no exceptions to the law of diminishing marginal utility
- v. All desires are demand
- vi. Marginal utility curve slopes downwards
- vii. When the prices of Giffen goods falls, demand for such goods rises
- viii. There are no exceptions to the law of demand
- ix. There is an inverse relationship between price and demand
- x. The supply curve of labour is backward bending

- xi.** There is a direct relationship between price and quantity supplied
- xii.** There are many exceptions to the law of supply
- xiii.** Seller is the price maker under perfect competition
- xiv.** There is product differentiation under monopolistic competition
- xv.** Selling cost is the only feature of monopolistic competition
- xvi.** Index numbers measure changes in the price level only
- xvii.** Any year can be selected as the base year
- xviii.** There are many theoretical difficulties in the estimation of national income
- xix.** Transfer payments are included in national income
- xx.** Obligatory functions is the only function of the government
- xxi.** Public finance is more elastic compared to private finance
- xxii.** Issue of currency notes is the only function of Reserve Bank of India
- xxiii.** Commercial banks create credit
- xxiv.** Foreign trade leads to division of labour and specialization
- xxv.** There is no difference between Balance of payment and Balance of trade

Q.5 Study the following table, figure, passage and answer the questions given below it.

[4 MARKS EACH CORRECT ANSWER]

I] TABLES:

i]

UNITS	TOTAL UTILITY	MARGINAL UTILITY
1	40	
2	60	20
3	70	10
4		0
5	60	-10

A] Complete the table_____ 1M

B] When Total utility falls Marginal utility is_____ 1M

C] Draw total utility and marginal utility curve_____ 2M

ii]

Units	MU OF X	MU in terms of money 1 unit= RS.10	Market price per unit =RS.50	Comparison between MU and Price
1	10	100	50	MU > PRICE
2		80	50	MU > PRICE
3	7		50	MU > PRICE
4	5	50	50	
5	3	30	50	MU < PRICE
6	1	10	50	

A) Complete the table 2M

B) Identify any two Intra Marginal Units 1M

C) Identify any two Extra Marginal Units 1M

iii]

Price of commodity ' X '	Quantity of 'X' in kgs.			Market demand
	Consumer A	Consumer B	Consumer C	A+B+C
10	5	10	15	30
8	10	15		45
6		20	25	60
4	20		30	75
2	25	30	35	
1	30	35	40	105

A) Complete the table. 2M

B) Draw Market demand curve based on above Market demand schedule and label it. 2M

iv]

Price in RS.	Quantity supplied
10	300
20	
30	400
40	450
50	
60	550
70	600

- A] Complete the above table 1M
- B] State the relationship between Price and quantity supplied 1M
- C] Draw supply curve based on above supply schedule 2M

v]

Price per unit in RS.	Quantity demanded	Quantity supplied
5	100	500
4		400
3	300	
2		200
1	500	

- A] Complete the table 2 M
- B] Derive the equilibrium price from the above table with the help of Suitable diagram. 2M

vi]

Commodities	Price in 2015 in Rs (base year) P ₀	Price in 2019 in Rs. (current year) P ₁
L	20	30
M	60	80
N	100	130
O	40	60
Total	$\sum P_0 =$	$\sum P_1 =$

A] Complete the above table 1M

B] Construct Price Index number from the above data 3 M

vii]

Components of GNP for the year 2018	In crores
Consumption	200
Investment	300
Govt.Expenditure	400
Net export	-100
Net receipts	-50
Depreciation	100

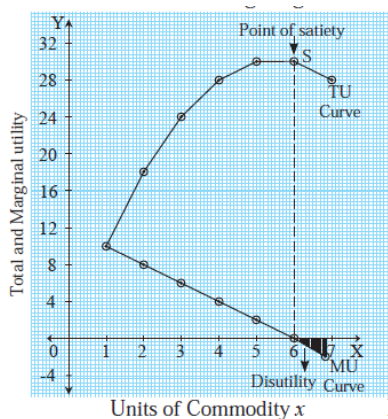
A] Complete the formula

$$\text{GNP} = C + \square + G + (X-M) + \square \quad \text{1 M}$$

A] Calculate GROSS NATIONAL PRODUCT & NET NATIONAL PRODUCT from the above data 3M

ii] **DIAGRAMS:**

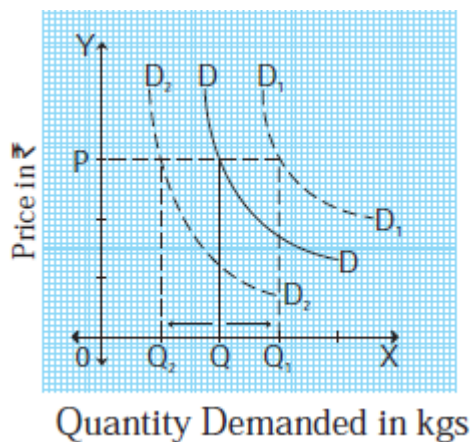
i]



Questions:

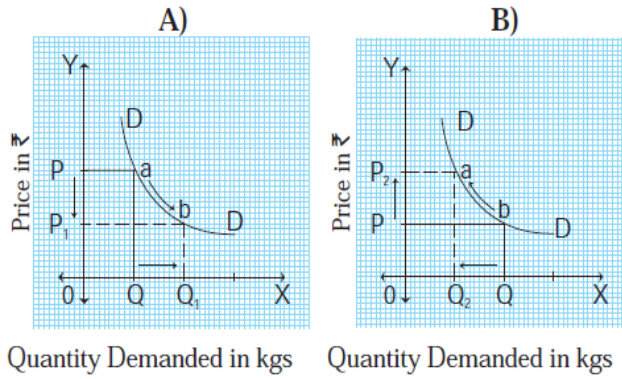
- A] When Total utility increases Marginal utility _____ 1M
- B] Name the unit where consumer will be derived disutility_____ 1M
- C] When the total utility is maximum, the marginal utility is____1M
- D] Name the unit where consumer will derive maximum satisfaction__ 1M

ii]



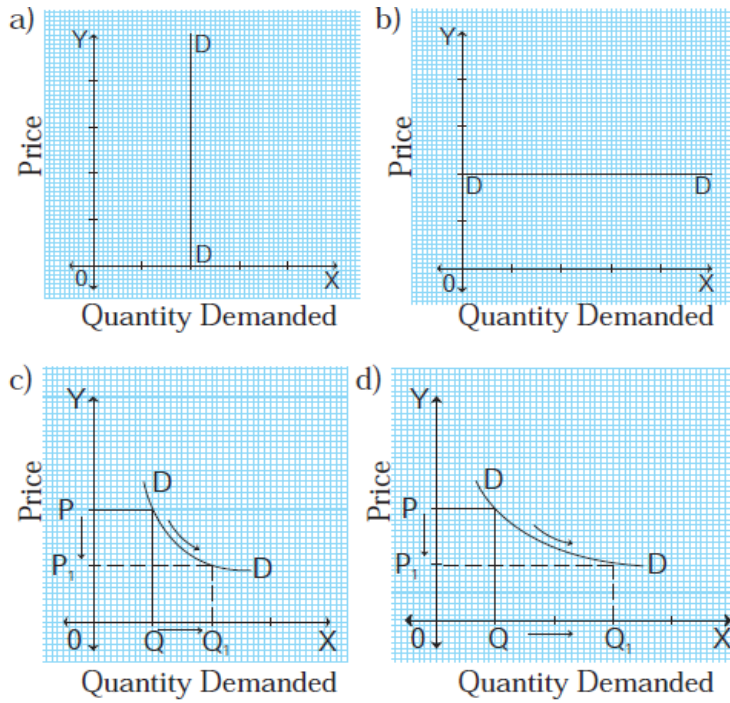
- A] Demand Curve D_1D_1 indicates 1M
- B] Demand Curve D_2D_2 indicates..... 1M
- C] Name the above diagram and explain. 2M

iii]



- A] Diagram 'A' represents ----- in demand 1M
- B] Diagram 'B' represents -----in demand 1M
- C] In diagram 'A' movement of demand curve is in ----- direction 1M
- D] In diagram 'B' movement of demand curve is in ----- direction 1M

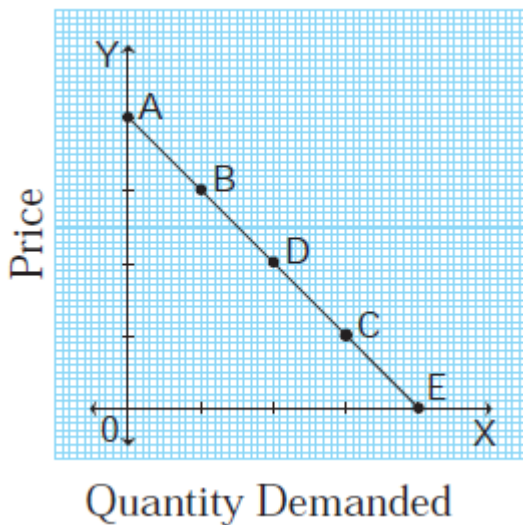
iv]



A) Identify the types of price elasticity of demand from above diagram. 2M

B) Write slope of demand curve in above diagrams 2M

v)



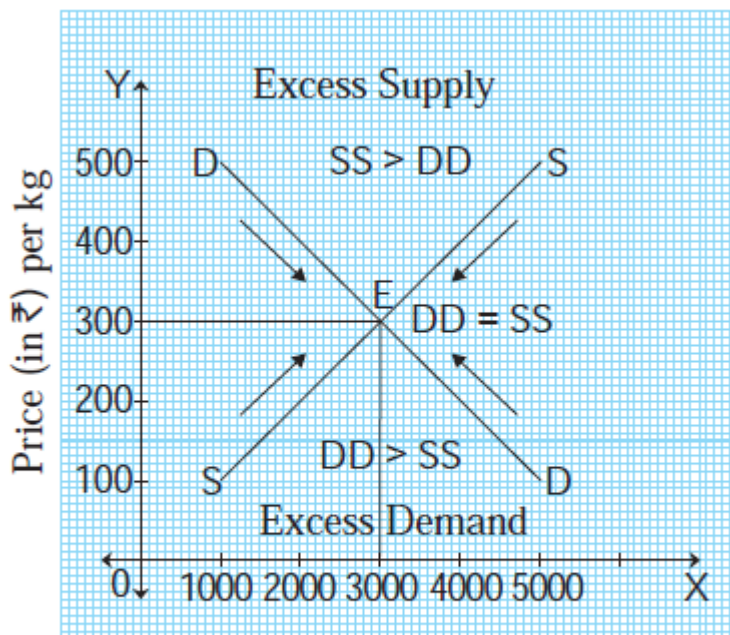
A) Which method of measuring elasticity is used in above diagram? 1M

B) Mention the type of elasticity at point 'C'? 1M

C] Find out the elasticity at point 'D' by applying formula

2M

vi]



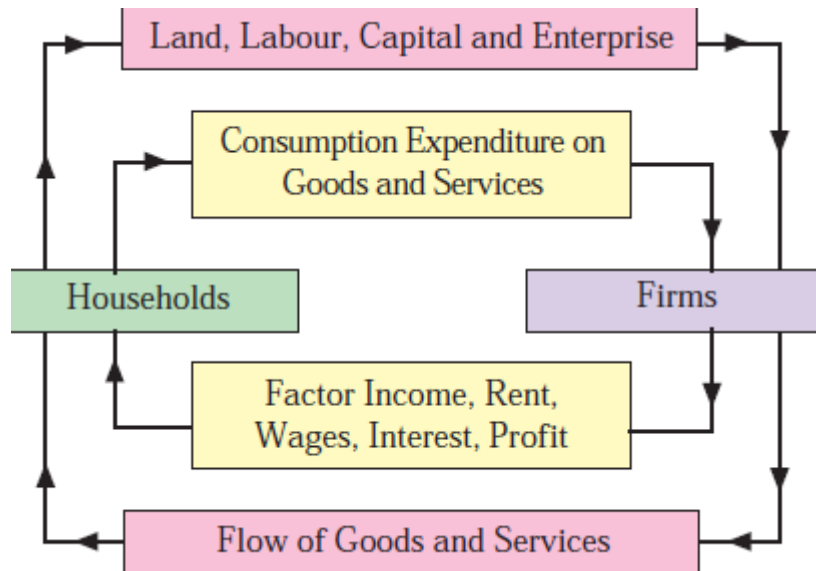
Quantity Demanded and Quantity Supplied (in kgs.)

Fig. 5.2

A] Mention the equilibrium point and equilibrium price in above diagram. 2M

B] Explain the concept of equilibrium price with the help of above diagram 2M

vii]



A] Explain the concept of product (real flow) with the help of above diagram. 2M

B] Explain the concept of Money flow with the help of above diagram. 2M

[III] **PASSAGE:**

1) Mona 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 its price is comparatively lower. Instead she prefers to buy superior quality tur dal.

- i. Identify the exception to the law of demand in the given passage with reference to purchase of additional quantities of sugar much more than monthly requirement anticipating that prices may rise in the coming days due to festivities (1 mark)
- ii. Identify the kind of good with reference to low quality tur dal (1 mark)
- iii. Express your personal opinion based on the above information. (2 marks)

2) **Amul** is the first choice of so many ice cream lovers in India among the top ice cream brand category. Amul brand, owned by Gujarat Co-operative Milk Marketing Federation, was established in 1946 in Anand, Gujarat.

The second on the list of top ice cream brands in India is **Vadilal**.

Cornetto and Magnum are one of the top ice cream brands in India owned by Hindustan Unilever. **Mother Dairy** is a very strong name in the Indian ice cream industry. This company is very similar to Amul, in terms of the products, they manufacture and sell. Another big player in the ice cream industry is Havmor. **Havmor** Company has been able to stand strong as one of the big fighters in the battle of top ice cream brands in India for very long. Ice cream market also has local and less popular brands apart from the top brands.

Amul was (and still is) in the Guinness record for running the longest- ever advertising campaign. The **advertising strategy of Amul** through digital marketing made the most of it through platforms such as Facebook, Twitter, Instagram, and others.

- i. Identify the most important feature of the ice cream market (1 market)
 - ii. Identify the type of cost incurred by firms on advertising campaigns and strategies. (1 mark)
 - iii. Express your personal opinion about the ice cream market based on the above information (2 marks)
- 3) In India, markets for automobiles, cement, steel, aluminium, etc, are the examples of oligopolistic market. In all these markets, there are few firms for each particular product. Duopoly is a special case of oligopoly, in which there are exactly two sellers. Under duopoly, it is assumed that the product sold by the two firms is homogeneous and there is no substitute for it. Examples where two companies control a large proportion of a market are: (i) Pepsi and Coca-Cola in the soft drink market; (ii) Airbus and Boeing in the commercial large jet aircraft market.

Operating systems for smart phones and computers provide excellent examples of oligopolies in big tech. [Apple iOS](#) and Google Android dominate smart phone operating systems. Computer operating systems are overshadowed by Apple and Microsoft Windows.

- i. Give examples of oligopolistic market in India (1 mark)
 - ii. Explain the concept of duopoly with a suitable example from the passage (1 mark)
 - iii. Express your personal opinion based on the above information (2marks)
- 4) Corona has slowed down the economy .Lockdown imposed to contain the spread of Corona virus had resulted in closure of manufacturing and business activities. During this financial year, the economy is expected to move towards a contractionary phase rather than expansionary phase. This has been stated in the budget. This is the first paperless budget in the history of India. At the same time, it is the third post-independence budget to be presented at a time when the economy is shrinking. The budget shows a fiscal deficit of more than 5%.

The Union Finance Minister has presented a budget that seeks to accelerate the economy by balancing the impact of Corona on the economy on one hand and growing expectations of all sectors on the other. A significant increase in the allocation for Healthcare by 137% is a feature of this budget. In this budget, the expected revenue for the year 212-2022 is Rs. 34,35, 000crore and the expected expenditure is Rs. 35,83, 000 crore.

Attempts have been made to boost infrastructure, education, agricultural production, employment generation and industry, but the Income tax status quo has remained the same. The budget provides Rs.16.5 lakh crore for agricultural credit, Rs. 223,000 crore for health facilities, Rs. 3 lakh crore for Power Distribution Scheme, Rs. 15,700 crore for Small and Medium Enterprises and Rs. 20,000 crore for Government Bank Capital.

- i. What is the percentage increase in the provision for Healthcare? (1 mark)
- ii. Mention the sectors that have been promoted in this budget. (1 mark)
- iii. Express your personal opinion based on the above information regarding the budget (2 marks)

5) 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 counselling, 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.

- i. Identify the areas of diversification undertaken by public sector banks post-liberalization (1 mark)
- ii. Mention the financial services offered under retail banking. (1mark)
- iii. Give your personal opinion based on the above passage. (2 marks)

Q.6 Answer in detail:

- i.** Explain the concept of microeconomics and its features
- ii.** Explain the concept of macroeconomics and its features
- iii.** Explain the law of diminishing marginal utility and its exceptions
- iv.** Explain the law of demand and its exceptions
- v.** Explain the concept of price elasticity of demand and its types
- vi.** Explain the Total expenditure method and Geometric method of measuring price elasticity of demand
- vii.** Explain the law of supply and its exceptions
- viii.** Explain the concept of perfect competition and price determination under perfect competition
- ix.** Define Index number and explain the various steps involved in the construction of index numbers
- x.** Explain the practical difficulties in the estimation of national income
- xi.** Explain the income method and expenditure method of measurement of national income
- xii.** Explain in detail the output method of measuring national income
- xiii.** Explain the concept of public revenue and its sources
- xiv.** Explain the various reasons for the growth of public expenditure.
- xv.** Explain the functions of Reserve Bank of India

----- **BEST OF LUCK** -----