

**BOARD QUESTION PAPER : JULY 2016****Time: 3 Hours****Max. Marks: 80****Note:**

- (1) All questions are compulsory.
- (2) Draw tables / diagrams wherever necessary.
- (3) Figures to the right indicate full marks.
- (4) Write answers of every new question on a new page.

**Q.1. (A) Fill in the blanks using proper alternatives given in the brackets: (5)[16]**

- (1) Micro Economics is a study of \_\_\_\_\_.  
(Whole economy / general price level / national output / individual economic unit)
- (2) Indirect demand is also known as \_\_\_\_\_ demand.  
(derived / direct / composite / joint)
- (3) Under monopoly, there is existence of \_\_\_\_\_.  
(single buyer / several buyers / single seller / several sellers)
- (4) Produced means of production is known as \_\_\_\_\_.  
(land / labour / capital / entrepreneur)
- (5) Budget is the \_\_\_\_\_ of the revenue and expenditure of the coming year.  
(exact value / estimate / planning of private sector / planning of co-operative sector)

**(B) Match the correct pairs: (5)**

|    | Group "A"           |    | Group "B"                            |
|----|---------------------|----|--------------------------------------|
| 1. | Electricity         | a. | Inelastic demand                     |
| 2. | Complementary goods | b. | Share brokers                        |
| 3. | Pension             | c. | Elastic demand                       |
| 4. | D-mat account       | d. | Composite demand                     |
| 5. | Central Bank        | e. | Transfer income                      |
|    |                     | f. | Primary function of Commercial Banks |
|    |                     | g. | ATM facility                         |
|    |                     | h. | Apex banking institution             |

**(C) State whether the following statements are True or False: (6)**

- (1) Perfectly inelastic demand curve is parallel to 'X' axis.
- (2) Micro Economic theory assumes full employment.
- (3) There is no product differentiation under monopolistic competition.
- (4) Labour is a perishable factor of production.
- (5) Investment made by the government is autonomous investment.
- (6) The Cash Reserve Ratio does not affect the lending capacity of the commercial banks.

**Q.2. (A) Define or explain the following concepts (Any THREE): (6)[12]**

- (1) Micro Economics
- (2) Service utility
- (3) Market demand
- (4) Induced consumption expenditure
- (5) Token coins
- (6) Government budget



- (B) Give reasons or explain the following statements (Any THREE):** (6)
- (1) Demand for habitual goods is normally inelastic.
  - (2) Supply of land is perfectly inelastic.
  - (3) Macro Economics is concerned with macro economic variables.
  - (4) Rate of interest on fixed deposit is high.
  - (5) Central Bank acts as a lender of the last resort.
  - (6) A deficit budget may prove useful during the period of depression.
- Q.3. (A) Distinguish between (Any THREE):** (6)[12]
- (1) Average Revenue and Average Cost
  - (2) Land and Capital
  - (3) Partial equilibrium and General equilibrium.
  - (4) Metallic money and Paper money
  - (5) Central Bank and Commercial Bank
  - (6) Revenue expenditure and Capital expenditure
- (B) Write short notes (Any TWO):** (6)
- (1) Giffen's paradox.
  - (2) Income elasticity of demand.
  - (3) Difficulties in Barter system.
  - (4) Credit creation.
- Q.4. Write short answers for the following questions (Any THREE):** [12]
- (1) Explain the Law of Demand.
  - (2) Explain increase in supply and decrease in supply.
  - (3) What is the importance of the study of Micro Economics?
  - (4) Explain factors determining elasticity of demand.
  - (5) Explain features of National income.
  - (6) Explain qualitative measures of credit control adopted by the Central Bank.
- Q.5. Explain with reasons whether you 'agree' or 'disagree' with the following statements (Any THREE):** [12]
- (1) Price is the only factor that affects demand of a commodity.
  - (2) Price elasticity of demand cannot be measured by using geometric method.
  - (3) There is direct relationship between price and quantity supplied.
  - (4) Aggregate supply is influenced only by availability of natural resources.
  - (5) Commercial banks perform agency functions to earn profit.
  - (6) There is a difference between Micro Economics and Macro Economics.
- Q.6. Write explanatory answers (Any TWO):** [16]
- (1) State and explain in detail the Law of Diminishing Marginal Utility.
  - (2) Define perfect competition and explain price determination under perfect competition.
  - (3) Explain the 'Output Method' of measuring National income.
  - (4) What is Aggregate demand? Explain the determinants of Aggregate demand.