

Model Test (for Chapter 1 & 2)

Duration 2.30 Hrs

Economics (+2)

Max. Marks : 90 Marks

Part A

I. Choose the best answers

(20 x 1 = 20)

1. Economics is a

a) positive science b) normative science c) Both d) none

2. Production possibility curve is also known as

a) Straight Line b) Convex Line c) Equilibrium d) Transformation frontier

3. The author of wealth definition is : (a) Alfred Marshall b) Lionel Robbins c)

Adam Smith d) Samuelson

4. The author of scarcity definition is (a) Adam Smith b) Samuelson c) Alfred

Marshall d) Lionel Robbins

5. The concept of Net Economic Welfare has been given by (a) Samuelson

b) Marshall c) Adam Smith d) Lionel Robbins

6. Most of the economic activities of capitalism are centered on

a) Money Mechanism b) Price Mechanism c) Cost approach d) none

7. In economics, we make use of

a) deductive method b) inductive method c) Both d) none

8. The basic economic problems are common to

a) Capitalism b) Socialism c) Mixed economy d) All the above

9. The basic force that drives the capitalist economy is

- a) Planning b) Technology c) Government d) Profit – motive

10. Traditional economy is a

- a) Subsistence economy b) Market economy c) Command economy
d) Monetary economy

11. In a socialist economy, all decisions regarding production and distribution are taken by :

- a) Market forces b) Central planning authority c) Customs and traditions
d) Private sector.

12. Red-tapism and corruption lead to

- a) Inefficiency of production b) Inequality of income and wealth
c) Absence of technology d) Efficient use of resources

13. Name any two successful socialist economies.

- a) India, Pakistan b) USA and UK c) Japan and England d) China and Cuba

14. Strictly speaking production refers to the creation of

- a) Wants b) happiness c) utilities d) stock

15. In a traditional economy, basic problems are solved by and .

- a) Customs b) Traditions c) both d) none

16. What is the result of over-production?

- a) Depression b) Suppression c) Boom d) business cycle

17. Deductive method is the method that _____ made use of.
a) Smith b) Robbins c) Marshall d) Ricardo
18. What are the two examples of free goods.
a) Air, sunshine b) Rain, River c) none d) both
19. Which of the following is not a division of economics?
a) production b) commerce c) distribution d) accountancy
20. When you choose a particular alternative, the _____ must be given up.
a) sacrifice b) money c) next best alternative d) least choice

Part B

II. Write any of following seven question(Q.N.30 is compulsory) (7 x 2 = 14)

21. Name the important general economic systems ?
22. State Alfred Marshall's definition of economics
23. What are the basic issues of any society ?
24. What are the main divisions of economics ?
25. Explain the difference between value-in-use and value-in- exchange.
26. List the basic features of socialism.
27. What is opportunity cost ?
28. Distinguish between free goods and economic goods
29. Is India a mixed economy ?
30. Describe the relationship between economics, mathematics and statistics.

Part C**II. Write any of following seven question(Q.N.40 is compulsory) (7 x 3 = 21)**

31. Write a note on traditional economy.
32. Distinguish between micro economics and macro economics.
33. Explain the salient features of capitalism.
34. What are the merits of socialist economy.
35. State and examine the criticism against Adam Smith's wealth definition.
36. Is economics a positive science or a normative science?
37. Write a note on static and dynamic concepts.
38. Explain 'opportunity cost' with an example.
39. Discuss the methods of economic analysis.
40. What are the merits and demerits of a mixed economy?

Part D**II. Write all the following questions (7 x 5 = 35)**

41. a. Examine Marshall's definition of economics. (or)
b. What is capitalism? Explain its advantages and disadvantages.
42. a. Examine Lionel Robbins definition of economics. (or)
b. Explain features, merits and demerits of socialism.
43. a. Discuss the relationship between economics and other social sciences. (or)
b. Explain 'mixed economy' in detail.
44. a. Discuss the nature of economic laws (or)
b. Describe the 'production possibility curve' with a suitable diagram.
45. a. List the major economic laws with their importance. (or)

b. Explain the basic concepts of Economics.

46. a. Briefly explain the scope of economic science. (or)

b. Elucidate the main divisions of economics

47. a. What are the Characteristics of Wealth? (or)

b. Explain the production possibility curve with help of diagram.

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+2 Economics (Model for Chapter 3,4 & 5)

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Section A**I. Answer all the questions****(20 x 1 = 20)**

1. Consumer surplus is

- a) Potential Price – Actual Price
- b) $MV_n = TV_n - TV_{n-1}$
- c) Demand = supply
- d) None

2. Utility is a

- a) Social concept
- b) Subjective / psychological concept
- c) Political concept
- d) Scientific concept

3. “Principles of economics” written by _____

- a) Marshall
- b) Smith
- c) Marx
- d) Allen and Hicks

4. Increase in demand is shown by

- a) Movement along the same demand curve
- b) Shifts of the demand curve
- c) The highest point on the demand curve
- d) Lowest point on the demand curve

5. The degree of response of demand to change in price is

- a) Income elasticity of demand

- b) Cross – elasticity of demand
- c) Price elasticity of demand
- d) All the above.

6. What is the other name for budget line ?

- a) Straight ratio Line
- b) Price ratio Line
- c) Vertical Line
- d) none

7. Demand for a commodity depends on

- a) Price of that commodity
- b) Price of related goods
- c) Income
- d) All the above

8. Give the formula for point method

- a) $ep = \frac{\text{change in price}}{\text{change in quantity}}$
- b) $ep = \frac{\text{change in quantity}}{\text{ratio of price}}$
- c) $ep = \text{lower segment of d curve / upper segment of d curve}$
- d) all the above

9. At the point of equilibrium

- a) Only one price prevails
- b) Quantity demanded = quantity supplied
- c) The demand curve intersects the supply curve
- d) All the above

10. Above the equilibrium price

- a. $S < D$
- b. $S > D$
- c. $S = D$
- d. none

11. Changes in quantity demanded occur

- a. Only when price changes
- b. Due to change of taste
- c. both
- d. None

12. The time element in price analysis was introduced by

- a. J.R. Hicks
- b. J.M. Keynes
- c. Alfred Marshall
- d. J.S. Mill

13. In the long period

- a. All factors change
- b. Only variable factor changes
- c. Only fixed factor changes
- d. Variable and fixed factors remain constant.

14. Factors determining supply are :

- a) Production technology b) Prices of factors of production
- c) Taxes and subsidies d) All the above

15. An input should be so allocated that the value added by the last unit is the same in all cases.

- a. Opportunity Cost Principle b. Equi-Marginal Principle
- c. Incremental Principle d. Discounting Principle

16. It refers to the determination of prices of all goods and services by the interaction of the forces of demand and supply without any external interference.

- a. Product-mechanism b. Price-mechanism c. Cost-mechanism d. None of these

17. Which of the following factor is important for demand along other factors?

- a. Selling Power b. Ability to Buy c. Product Development d. New product Launch

18. Necessaries, comforts and luxuries are

- a) Classification of goods and services
b) Classification of wants
c) Classification of utility
d) None of the above

19. What is Indifference Map ?

- a) An indifference curve is the locus of different combinations of two commodities giving the same level of satisfaction.
b) Potential price – Actual price
c) Indifference Map is a group of indifference curves for two commodities showing different levels of satisfaction.
d) None of the above

20. Which one of the following is not a factor determining demand

- a) Tastes and preferences of the consumer
b) Income of the consumer
c) Number of sellers
d) Price of substitutes

Section B**II. Write any of the following seven (Q.No30 is a compulsory) (7 x 2 = 14)**

21. What are the causes for wants ?
22. Differentiate the short period from the long period.
23. Write a short note on market period.
24. What are the classifications of goods ?
25. Enumerate the determinants of demand
26. Why does the demand curve slope downwards ?
27. Define the Law of Diminishing Marginal Utility.
28. What are the properties of Indifference curve ?
29. Define “consumer’s surplus” in the words of Marshall.
30. Write a note on Giffen Paradox with an example

III. Write any of the following seven (Q.No40 is a compulsory) (7 x 3 = 21)

31. Give consumer’s equilibrium diagram with its meaning.
32. Explain the types of elasticity of demand with suitable equations.
33. Give the diagram of shift in demand.
34. Give the diagram of shift in supply.
35. Explain the expansion and contraction in demand and shifts in demand.
36. Give the importance of elasticity of demand.
37. What are assumptions of Law of Diminishing Marginal Utility
38. Bring out the importance of Law of Diminishing Marginal Utility
39. What is demand? Draw a demand curve with a suitable schedule.
40. Distinguish between total utility and marginal utility.

IV. Write all the questions (7 x 5 = 35)

41. a. Explain the characteristics of human wants (or)

b. Analyse the determination of equilibrium price with a diagram.

42. a. Describe the Law of Diminishing Marginal Utility with a diagram? (or)

b. Explain the methods of measurement of price elasticity of demand of the following

i) Total outlay method ii) Point method

43. a. Explain Consumer's Surplus with the help of a diagram and bring out its importance and its criticism. (or)

b. What is elasticity of supply and explain its types with a diagram ?

44. a. Explain the Indifference Curve Approach (or)

b. How is the equilibrium price determined in the market period ?

45. a. What is Indifference curve map ? Explain the properties of indifference curve with diagrams. (or)

b. Mention the limitations of Law of Equi-Marginal Utility

46. a. Discuss the law of demand. (or)

b. Discuss the law of supply

47. a. Describe the flatter long run supply curve. (or)

b. Explain the methods of measurement of price elasticity of demand of the following i) Percentage method ii) Arc method

+2 Economics (Model - Portion : Chaper 6 & 7)

Duration 2.30 Hrs

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Section A**I. Answer all the questions****(20 x 1 = 20)**

1. How do internal economies arise?

- a. Outside of the firm b. From within the firm c. Both d. None

2. The initial supply price of land is

- a. Zero b. Greater than one c. Less than one d. Equal to one

3. Labour cannot be separated from

- a. Capital b. labourer c. profit d. organization

4. What is an envelope curve?

- a. Planning Curve b. LAC curve c. Boat Shaped curve d. All the above

5. A successful entrepreneur is one who is ready to accept

- a. Innovations b. Risks c. deciding the location of the production unit d. none.

6. What is other name for isoquant?

- a. IC curve b. Iso Cost curve c. Iso-Product curve d. PP Curve

7. Real cost is

- a) pain and sacrifice b) subjective concept
c) efforts and foregoing leisure d) All the above

8. Economic cost includes explicit cost and implicit cost

- a) implicit cost b) social cost c) fixed cost d) money cost

9. Reward paid to capital is

- a. interest b. profit c. wages d. rent

10. Who is the changing agent of the society?

- a. Entrepreneur b. Consumer c. State d. None of the above

11. Give the condition for producer's equilibrium ?

- a. $MC = MR$ b. $a + b = 1$ c. $MRTS_{xy} = P_x / P_y$ d. $a + b < 1$

12. What is break-even point?

- a. Profit Point b. No - profit no-loss point c. Loss Point d. Price Point

13. Production refers to

- a. destruction of utility b. creation of utilities c. exchange value d. None
14. Marginal revenue is the least addition made to the
a) average revenue b) Total production c) Total revenue d) none
15. Average fixed cost is obtained by dividing
a) TC/Q b) TFC/Q c) TVC/Q d) None
16. Adam Smith is related to following of which theory?
a. Production Function b. Cost Function c. Division Labour . Risk and Uncertainty
17. Who are the pioneer of Constant Production function.
a. Cobb Douglas b. Hicks and Allen c.Bohm - Bawerk d. Smith and Marshall
18. The author who propounded “Bundle of risks” for Profit is _____
a. Hawley b. Douglas c. Schumpeter d. Neo Classical
19. “Exertion of body or mind” is statement related to which of following author?
a. Adam Smith b. Joan Robinson c. Marshall d. Schumpeter
20. State the Cobb-Douglas production function.
a. $a + b < 1$ b. $a + b > 1$ c. $Q = b L^a C^b$ d. None of the Above

Section B

II. Write any of the following seven (Q.No30 is a compulsory) (7 x 2 = 14)

21. Define opportunity cost.
22. What are the three phases of return to scale?
23. What is meant by division of labour?
24. Bring out the distinction between short run and long run.
25. What are economic costs ?
26. Define marginal cost ?
27. What are the forms of capital ?
28. Mention the relationship between MC and AC
29. Name the types of utility.
30. What is production function ? and what are its classification ?

III. Write any of the following seven (Q.No40 is a compulsory) (7 x 3 = 21)

31. Explain any three functions of entrepreneur?
32. Explain the marginal cost with suitable illustration.
33. Give a note on long run average cost curve.

34. Explain the short run average cost curves
35. Explain the merits and demerits of division of labour.
36. Describe any five the characteristics of capital.
37. Explain any of the relationship between AR and MR curve with diagram.
38. Distinguish between laws of returns and returns to scale.
39. Draw the Producer equilibrium diagram and explain it briefly.
40. Explain the relationship between SAC and SMC with diagram.

IV. Write all the questions

(7 x 5 = 35)

- 31.a. What is land and what are the peculiarities of land ? (or)
- b. Explain various costs incurred by the firm.

32. a. What are the characteristics of labour ? (or)
- b. Explain TC, TFC and TVC curves.

33. a. Explain the three phases of 'Return to scale' (or)
- b. Explain both constant and sloping of AR and MR curves.

34. a. Write a note on 'Cobb-Douglas' production function (or)
- b. Explain the measurement and maximization of profit with diagram.

35. a. Give the definition of Law Variable Proportions with suitable digram. (or)

Distinguish the following:

- b. a. Money and Real Cost b. Private Cost and Social Cost c. Fixed and Variable Cost

36. a. What are isoquants ? Describe their characteristics. (or)
- b. Give the Relationship between Marginal Product and Total Product.

37. a. Describe the kinds of economies of scale. (or)
- b. Explain any five Functions of an Entrepreneur.