

Tvl11Eco

2

PART - II**Note: Answer any Seven questions. Q.No. 30 is compulsory.****7×2=14**

- 21) Define Microeconomics.
- 22) Mention the classifications of wants.
- 23) State the production function.
- 24) What is meant by Sunk cost?
- 25) Who is price - taker?
- 26) What is meant by distribution?
- 27) State any two features of developed economy.
- 28) Name out the different types of land tenure existed in India before Independence.
- 29) What are the reasons for upward sloping supply curve?
- 30) Write the name of "BIMARU" states.

PART - III**Note: Answer any Seven questions. Q.No. 40 is compulsory.****7×3=21**

- 31) What are the crucial decisions involved in "What to produce"?
- 32) Distinguish between extension and contraction of demand.
- 33) State the relationship between AC and MC.
- 34) What are the characteristics of land?
- 35) State the meaning of selling cost with an example.
- 36) List out the kinds of wages.
- 37) Define Economic Development.
- 38) What is PQLI?
- 39) Distinguish between Micro economics and Macro economics.
- 40) AR, TR, MR find the answers.

Quantity sold (Q)	Average Revenue (AR)	Total Revenue (TR)	Marginal Revenue (MR)
1	10	10	-
2	-	18	8
3	8	24	-
4	7	-	4
5	-	30	2
6	5	30	-
7	4	-	-2

PART - IV**Note: Answer all the questions.****7×5=35**

- 41) a) Elaborate the nature and scope of Economics.
(OR)
- b) Examine the law of variable proportions with the help of a diagram.
- 42) a) Bring out the features of perfect competition.
(OR)
- b) Explain the Keynesian theory of interest.
- 43) a) Write the importance of mineral resources in India.
(OR)
- b) Describe the performance of 12th Five Year Plan in India.
- 44) a) Elucidate the Law of diminishing marginal utility with diagram.
(OR)
- b) Bring out the relationship between AR and MR curves under various price conditions.
- 45) a) Illustrate price and output determination under monopoly.
(OR)
- b) Illustrate the Ricardian Theory of Rent.
- 46) a) Write a brief note on the Gandhian economic ideas.
(OR)
- b) Explain the Law of demand and its exceptions.
- 47) a) If Total cost = $10+Q^3$, Find out AC, AVC, TFC, AFC when $Q = 5$.
(OR)
- b) Compare and contrast various definitions of Economics.

Trounelveli
Economics - XI

Quarterly Exam

Part - I

Choose the Best answer

- 1. Inductive Method. b
- 2. Agricultural goods d
- 3. Increasing returns a
- 4. TVC/Q b
- 5. Average Revenue a
- 6. Interest c
- 7. Kolar a
- 8. Cotton a
- 9. Adam Smith b
- 10. Negatively Sloped d
- 11. It is mobile b
- 12. $MC=MR$ a
- 13. Marshall d
- 14. All of them d
- 15. Morris c
- 16. Coude birth rate d
- 17. Schumpeter b
- 18. AOO d
- 19. Land and Labour d.
- 20. d.

Part II
Answer any 70 (30 is compulsory)

- 21. Micro Economics.
* is the study of the Economic action of individual unit say households, Firms (or) industries.
- 22. Classification of wants

```

      wants
     /   |   \
    ↓     ↓     ↓
Necessaries comforts Luxuries

```
- 23. Production function
* Relation ship among units of factors of production (inputs) and the resultant quantity of good produced (output)
 $Q = f(N, L, K, T)$
- 24. Sunk cost
A cost incurred in the past and cannot be recovered in future.
- 25. Price taker:
are found in perfectly competitive market
- 26. Distribution
* means division of income among the four factors of production in terms of rent to land lords, wage to labourer, interest to capital, and profit to entrepreneurs.
- 27. Features of developed Economy (2)
 - * High National Income
 - * High per capita income
 - * High Standard of living.
- 28. Land Tenure Systems
 - * Zamindari system.
 - * Mahalwari system.
 - * Ryotwari System.
- 29. Reason for upward supply curve
 - * As the price increases, quantum of supply also increases.
 - * Thus the supply curve has a positive slope from left to right
- 30. BIMARU (Compulsory)
 - * Bihar
 - * Madhyapradesh
 - * Rajasthan.
 - * Uttar Pradesh

Answer any 7 (A0 is compulsory) 7X3=21

31. Crucial decisions (any 3 points)

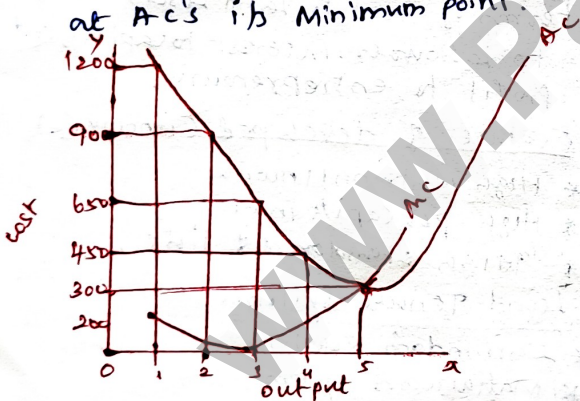
- whether to produce more food, clothes to have more luxury goods.
- whether to have more Agri goods or Industrial goods.
- whether to use more resources in education & health or use more in Military.
- whether to have more consumption goods or to have investment goods.
- whether to spend more on basic education or higher education

32. Extension and contraction of demand.

- * changes in the quantity demanded for a commodity due to change in price alone are called extension and contraction
- * Buy more at lower price - Extension
- * Buy less at higher price - contraction

33. Relation ship between AC & MC (any 3 points)

1. When AC falling, MC lies below AC
2. when AC becomes constant MC also becomes equal to it.
3. when AC starts increasing, MC lies above the AC
4. MC curve always cuts AC from below at AC's its Minimum point.



34. Characteristics of land. (any 3)

1. primary factor of production
2. passive factor of production.
3. free gift of nature.
4. No cost of production.
5. Fixed in supply.
6. Permanent, immovable
7. Subject to law of diminishing Returns.

35. Selling cost

1. waste in competitive advertisement under monopolistic competition
2. Example - Advertisement cost.

36. Kind of wages. (any 3)

1. Nominal/Money - Paid terms of Money.
2. Real wages - Purchasing power of Money
3. piece wages - Basis of work done.
4. Time wages - Basis of Time works.

37. Economic development

1. Eco development is indicated not just by GDP but by an increase in citizens quality of life or well being.

38. PQLI

1. developed by Morris D Morris.
2. Calculate the quality of life.
3. Include 3 indicators. Life expectancy, Infant mortality, Literacy rate.
4. Exclusion of Income.

39. Micro

Economic decision making of individual Economic agents such as producer, the consumer.

It takes small component of the whole economy

process of price determination

Known as price theory

Macro.

Deals with aggregate and averages of entire Economy.

Economy of the country as a whole.

general price level

Income theory

A0 - Compulsory.

Q	AR	TR	MR
1	10	10	-
2	9	18	8
3	8	24	6
4	7	28	4
5	6	30	2
6	5	30	0
7	4	28	-2

Part IV

TXS = 35

a. Nature and Scope of Economics

Nature

- * Refers contents & how and why find place in the sub.
- * Existence of multiplicity of the definition makes some scholars Economics is a futile Exercise.
- * Each definition represent a unique generalisation.
- * Subject is made possible when it possible when it possesses clear cut definition and boundary. (2 1/2)

Scope

- * Refers subject matter
- * whether it is a positive or normative
- * whether it is an action science (2 1/2)

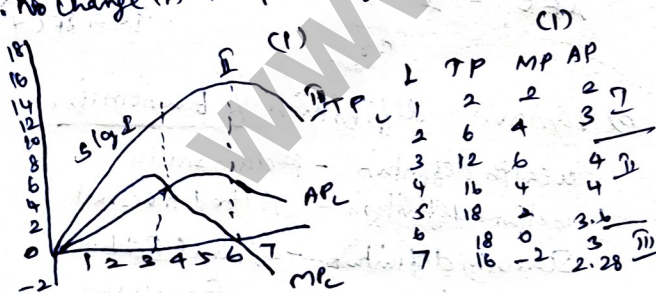
b. Law of variable proportion

Definition:

The law states that if all other factor fixed and one output is varied in the short run, the TP will increase at an increasing rate at first instance, be constant at a point and then eventually decrease. MP will become negative at last. (2)

Assumptions

1. One factor variable
2. Variable factor homogeneous
3. Product measured in units
4. No change in Tech
5. No change in the price of the product



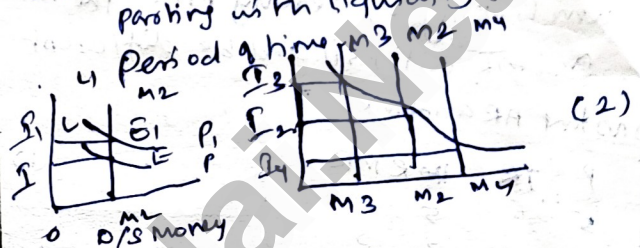
Stages	TP	MP	AP
I	Initially ↑ at an increasing rate	Increases then reach maximum	First ↑ attain max
II	It continues to ↑ at diminishing rates and reach max	Continue to diminish and becomes > 0	= MP began to diminish
III	It diminishes	It becomes negative	Continues to diminish always > 0

Q1. Features of Perfect competition (any 5)

1. Large number of Buyers and sellers.
2. Homogeneous product & uniform price.
3. Free entry & Exit.
4. Absence of Transport cost.
5. Perfect mobility of factors of production
6. Perfect knowledge of the market
7. NO Government intervention

B. Keynesian theory of interest

- Purely a monetary phenomenon because of rate of interest is calculated in terms of money. (2)
- to him interest is the reward for parting with liquidity for a specified period of time.



- If P remain constant,
- Supply of money is OM_2 the interest is OI_2 (1)

Q3. Importance of Mineral resource

- a) Iron ore
- b) Coal and lignite
- c) Bauxite
- d) mica
- e) Crude oil
- f) Gold
- g) Diamond

Q4. 12th Five year plan.

- * Faster growth inclusive and sustainable
- * Its growth rate target is 8%

Q. 9. Law of DMU

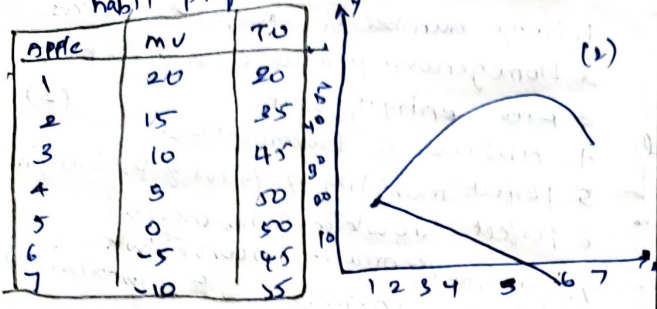
Definition

Additional benefit which a person derives from a given increase of his stock of a thing diminishes with every increase in the stock that already he has. (1)

Assumption.

1. Utility measured.
2. MU of money constant
3. Consumer is rational

- Commodity consumed should be homogeneous
- Consumption take place continuously.
- There should be no change in the taste habit preferences



OR

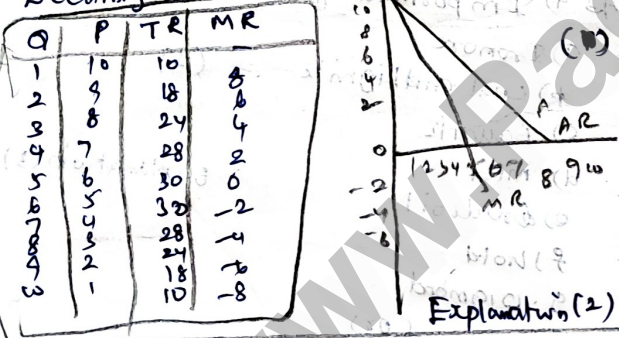
B. Relationship between AR & MR

- Firm able to sell additional unit at same price $AR = MR$ (1)
- If the firm is able to sell additional unit only by reducing price the AR and MR will fall and be different

Constant AR and MR



Declining AR and MR

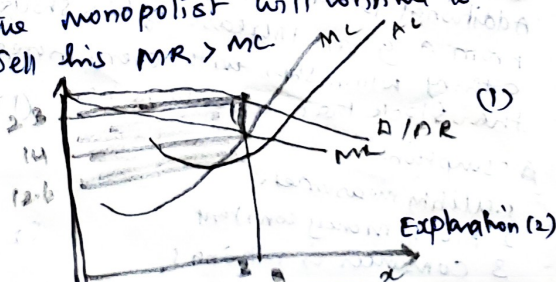


Explanation (2)

45. a) Monopoly.

- It is a firm - industry therefore a firm under monopoly takes a downward sloping demand curve.
- Since under monopoly AR falls as more units of output are sold. the MR lies below the AR curve (MR < AR) (2)

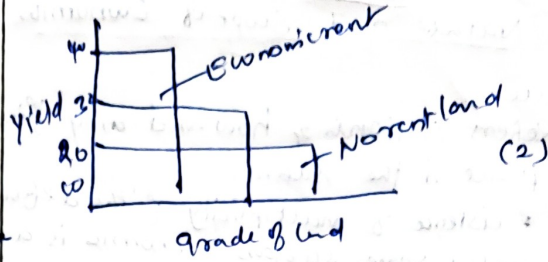
* The monopolist will continue to sell his $MR > MC$



Explanation (2)

b) Ricardian theory of Rent

Grade of lands	Production	Rent
B	40	20
A	30	10
C	20	0



Explanation (2)

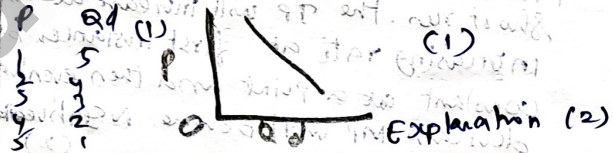
46. Gandhian-Economics

- Village Republic
- on non-violence
- Industrialism
- Decentralisation
- Village savings
- Bread labour
- Decline of Trusteeship
- On the food problem
- on population
- on prohibition

OR

b. Law of Demand

Def: Relationship between the price of a commodity and the Qd of it. (1)
 the Qd of commodity expands with a fall in price and contracts with a rise in price.



Explanation (2)

47.

$$\begin{aligned}
 AC &= 27 & TC &= 135 \\
 AVC &= 25 & TVC &= 125 \\
 AFC &= 10 & & \\
 AFC &= 2 & &
 \end{aligned}
 \left| \begin{aligned}
 AC &= TC/Q \\
 AC &= AFC + AVC \\
 AVC &= \frac{TVC}{Q} \\
 AFC &= \frac{TFC}{Q} \\
 TC &= AFC + AVC
 \end{aligned}
 \right.$$

OR

b) Various definitions of Economics.

- wealth definition - Adam Smith
- welfare definition - Alfred Marshall
- Scarcity definition - Lionel Robbins
- Growth definition - Samuelson

P. Anandaprasad MA, BEd.