

110 Objectives of ALL Chapters



Q1 Choose the correct options :-

Chapter-1

1. The branch of economics that deals with the allocation of Resources -

- a) Micro economics
- b) Macro economics
- c) Econometrics
- d) None of these

Ans:- only a

2. Concepts studied Under Micro economics

- a) National income
- b) General Price Level
- c) Factor Pricing
- d) Product Pricing

Ans:- C and d

3. Method adopted in Micro economics Analysis.

- a) Lumping method
- b) Aggregative method
- c) Slicing method
- d) Inclusive method

Ans:- only C

4. Concepts studied Under Macro economics

- a) whole economy
- b) Economic development
- c) Aggregate supply
- d) Product Pricing

Ans:- a, b and C

Chapter-2

- 1) Time Utility
- 2. Place Utility
- 3. Service Utility
- 4. Knowledge utility

- a) Transport
- b) Blood Bank
- c) mobile Phone
- d) Doctor

Ans:- 1-b, 2-a
3-d, 4-c

2) Statement indicating Consumer Equilibrium : 2

- a) MU is greater than Price
- b) MU is Equal to Price
- c) MU is Less than Price
- d) Price is Less than one.

Ans :- only b

Chapter-5

1. In economic sense, market includes following activities

- a) The place where goods are sold and purchased
- b) An arrangement through which buyers and sellers come in close contact with each other directly or indirectly.
- c) A shop where goods are sold.
- d) All of the Above

Ans :- Only d

2. Classifications of markets on the basis of Place—

- a) Local markets, National market, International market
- b) Very short Period market, Local market, and National market
- c) Short Period market, National market, International market
- d) Local market, National market, short Period, market

Ans :- only a

3) Homogeneous Product is a feature of this market

- a) Monopoly
- b) Monopolistic competition
- c) Perfect competition
- d) Oligopoly.

Ans :- only c

4. Under Perfect competition, sellers are only b. 3

- a) Price makers b) Price takers
- c) Price discriminators d) None of these.

Chapter-6

1. Statement that are incorrect in relation to index numbers

- a) Index number is a geographical tool.
- b) Index numbers measures changes in the air pressure
- c) Index numbers measures relative changes in an economic Variable.
- d) Index numbers are specialized averages.

Ans.: a and b

2) statements that highlight the significance of Index numbers.

- a) Index numbers are useful for making future predictions
- b) Index Numbers help in the measurement of inflation
- c) Index numbers help to frame suitable Policies
- d) Index numbers can be misused.

Ans: a, b and c

3) statements that apply to weighted Index Numbers

- a) Every Commodity is given equal importance.
- b) It assigns suitable 'weights' to various Commodities
- c) In most of the cases, Quantities are used
- d) Laspeyres and Paasche's method is used in the Calculation of weighted Index numbers

Ans:- b, c and d.

4. Statements related to Limitations of index numbers

- a) Index numbers are not completely reliable
- b) There may be a bias in the data collected.
- c) Every formula has some kind of defect
- d) Index numbers ignore changes in the qualities of products

Ans:- a, b, c and d

5. Choose the correct pair:

Group A

Group-B

- | | |
|--------------------|---------------------------------------------------|
| 1. Price Index | a) $\frac{\sum P_1 q_1}{\sum P_0 q_0} \times 100$ |
| 2. Value Index | b) $\frac{\sum q_1}{\sum q_0} \times 100$ |
| 3. Quantity Index | c) $\frac{\sum P_1 q_1}{\sum P_0 q_1} \times 100$ |
| 4. Paasche's Index | d) $\frac{\sum P_1}{\sum P_0} \times 100$ |

Ans:- 1-d, 2-a 3-b 4-c

Chapter-7

1. wrongly matched pair :

- a) National Income Committee - 1949
- b) Financial Year - 1st April - 31st March
- c) Income method - National Income = Rent + wages + Interest + profit + mixed income + Net income from abroad.
- d) Expenditure method - National Income = Rent + wages + Interest + profit.

Ans:- d

chapter-8

1. Optional Function of Government :

- a) Protection from External attack
- b) Provision of education and health services
- c) Provision of social security measures
- d) Collection of Tax

Ans:- b and c

2. Obligatory Function of the government :

- a) Provision of employment
- b) Maintaining internal Law and order
- c) Welfare measures
- d) Exporting goods and Services.

Ans: Only b

3. Definition — Public Finance is one of those Subjects which are on the borderline between economics and Politics" ----- given by

- a) Adam Smith
- b) Alfred Marshall
- c) Prof. Hugh Dalton
- d) Prof. Finlay Shirras

Ans: Only C

4. Non-Tax Sources of Revenue :-

- a) Direct and Indirect Tax
- b) Direct Tax and Fees
- c) Fees
- d) Special Levy. C and d

5. Trends shown by Public Expenditure of any Government shows following trend —

- (a) Constant
- (b) Increasing
- (c) Decreasing
- (d) Fluctuating

Ans:- only b

6) Identify the right group of Pairs From the given Options —

- | | |
|---------------------|------------------------|
| i) Direct Tax | a) Non-Tax Revenue |
| ii) Indirect Tax | b) Inflation |
| iii) Fees and Fines | c) GST |
| iv) Surplus budget. | d) Personal Income Tax |

Ans:- i-d ii-c iii-a iv-b

Chapter 10

1. Types of Foreign Trade

- a) Import Trade b) Export Trade c) Entrepot Trade d) Internal Trade

Ans:- a, b and c

2. Export Trends of India's Foreign Trade includes

- a) Engineering goods b) Gems and Jewellery
 c) Textiles and Ready made Garments
 d) Gold

Ans:- a, b and c

3. Role of Foreign Trade is

- a) To earn Foreign Exchange
 b) To Encourage investment
 c) Lead to Division of Labour
 d) Bring Change in composition of Exports

Ans:- a, b and c

Q:2 Complete the Correlations :-

Chapter-1

1. Micro Economics : Slicing Method :: Macro Economics
: Lumping Method.
2. Micro Economics : Tree :: Macro Economics : Forest
3. Macro economic Theory : Income and Employment ::
Micro Economics : Theory of Product Pricing / Theory of Factor Pricing
4. Macros : Macro economics :: Mikros : Micro Economics.
5. General Equilibrium : Macro Economics :: Partial Equilibrium : Micro Economics

Chapter-3B

1. Perfectly Elastic demand : $Ed = \infty$:: Perfectly Inelastic Demand : $Ed = 0$
2. Rectangular hyperbola : Unitary Elastic Demand
Steeper demand curve : Relatively inelastic demand
3. Straight Line Demand Curve : Linear Demand Curve ::
Curve Line Demand Curve : Non-Linear Demand curve
4. Pen and ink : Complementary goods :: Tea and Coffee
Substitutes
5. Ratio Method : $Ed = \frac{\% \Delta Q}{\% \Delta P} :: \text{Geometric Method}$
: $Ed = \frac{\text{Lower seg}}{\text{Upper seg.}}$

Chapter-4

1. Expansion of Supply : Price Rises :: Contraction of supply
Price Falling
2. Total Revenue : Price & quantity :: Average Revenue :
- $$\frac{TR}{TQ}$$
3. Total Cost : $TFC + TVC$:: Average cost = $\frac{Tc}{TQ} \mid \frac{TFC + TVC}{TQ}$
4. Demand Curve : Downward :: Supply Curve : Upward
5. Price Constant : Change in supply ::
 Other factors constant : Variation of supply.

Chapter-5

1. Perfect competition : Free Entry and Exit :: Monopoly
- Market : Barrier to Entry.
2. Price taker : Perfect Market :: Price maker : Monopoly
3. Single Price : Perfect Competition :: Discriminated Prices :
Monopoly market.

Chapter-6

1. Price Index : Inflation :: Agricultural Productivity : Agricultural Production
2. P₀ : Base year Prices :: P_t : Current year Prices
3. Laspeyres's Index : Base year quantities :: Paasche's Index
 : Current year quantities
4. Univariate : Single Variable :: Composite Index :
 Group of Variables

Chapter- 7

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1. GDP : $C + I + G + (X - M) :: GNP = C + I + G + (X - M) + (R - P)$
2. Output method : Inventory Method :: Income method : Factor cost method
3. Theoretical Difficulty : Transfer Payments :: Practical Difficulty : Valuation of Inventories.

Chapter- 9 :-

1. Money market : Short-term Funds :: Capital Market
Long Term Funds.
2. RBI : Central Bank :: SBI : Commercial Bank
3. Co-operative banks : Organised Sector :: Indigenous
bankers : Unorganised Sector
4. Primary Market : New Issue :: Secondary Market
: Old issue

Q:3 Identify and Explain the concepts from the given Chpt-1 illustrations.

- ① Gauri collected the information about the income of a Particular firm.

Ans:- Study of Individual economic Unit | Micro Economics

Explanation :- Micro economics deals with the study of individual economic unit, Particular Firm, Particular Household, Particular Industry, Individual Price, wages, income etc.

- ② Ramesh decided to take all decisions related to Production, Such as what and How to Produce?

Ans:- Free working OF Economy | Free Market Economy.

Explanation → Chpt-1 Q:3 1st Point

- ③ Shabana Paid wages to workers in her factory and interest on her bank Loan.

Ans:- Payment for Factors Price

Explanations → Chpt-1 → Q:1 - B Part

Chapter -2

- ① Salma Purchased Sweater For her Father in winter Season

Ans:- Time Utility

Explanations:- Chpt-2 → Q:2 - 3rd Point

- ② Nilesh Purchased ornaments For his Sister.

Ans:- Possession Utility

Explanation - Chpt 2 → Q:2 - 6th Point

3) Karita Consumed five Units of Oranges one after the other.

Ans:- Assumption of Continuity.
Explanation - Chpt-2 Q: 4 - 7th Assumption.

4. Bhushan Refused to eat fifth Chapati after eating four chapatis

Ans. Point of Satiety.
Explanation - Chpt-2 Q: 4 - C Part - Diagram.

5. Lalita Satisfied her want of writing on Essay by Using Pen and Notebook.

Ans:- Utility.
Explanation - Chpt-2 Q: 1 - B - Part

Chapter-7

1. Virinda receives monthly Pension of Rs. 5000/- from the state Government.

Ans:- Transfer Income / Transfer Payments

Explanation :- Transfer incomes like Pension, Sickness allowance, Unemployment allowance, Scholarships etc are not included in National Income because it is not a Productive income.

2. Viru Kept aside 100 kgs out of 500 kgs. of wheat produced in his Farm for his Family

Ans:- Production For Self Consumption

Explanation :- Every Producer is also a Consumer. The Producer require products for self-consumption. So Producer kept aside some stock of product for his own consumption.

Example :- Every Farmer must kept aside some of his Crops for Self Consumption.

3. Sheetal Purchased wheat Flour for her bakery from the Flour mill .

Ans:- Intermediate Product

Explanation. The main Problems in calculating National Income is Double Counting, because it is very difficult to decide that goods is Final Product or Intermediate Product.

Example - Flour purchased for bakery is Intermediate Product but purchased by household is Final Product

4. Shobha Collected data regarding the money value of all final goods and services produced in a country for the Financial Year- 2018-19.

Ans. National Income

Explanation - chpt-7 Q:1 definition of NI.

5. Rajendra has a total stock of 500 gel pens in his shop which include the 200 gel pens produced in the Previous Financial year

Ans.. Inventories | stock of Raw-material, semi-finished & Finished goods.

Explanation :- Inventories means stock of raw-materials, semi-finished goods and final goods in the current and previous financial year available to the producer.

- Chapter-9 1. Raghv's Father regularly invest his money in stocks & bonds,

Investment in Stock Market

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- 2) Saro makes a monthly contribution to a fund jointly created by her friends. The collected fund is then given to a chosen member through lucky draw.

Ans: Chit Fund.

Explanation - Chpt-9 - Q:

3. Tina deposited a lumpsum amount of ₹ 50,000 in the bank for a period of one year.

Ans: Fixed Deposits

Explanation - Chpt-9 - Q:

4. ABC bank provides D-mat facility, safe deposit lockers, internet banking facilities to its' customers.

Ans: - Ancillary Functions of Commercial Banks

Explanation - Chpt-9 Q:

Chapter-10

1. India purchased petroleum from Iran

Ans: - Import Trade

Explanation - Chpt-10 - Q:

2. Maharashtra purchased wheat from Punjab.

Ans: - Internal Trade / Home Trade / Domestic Trade

3. England imported cotton from India, made ready made garments from it and sold them to Malaysia.

Ans: - Entrepot Trade chapter-10 Q:

4. Japan sells Smart phones to Myanmar.

Ans: - Export Trade

chapter-10 - Q:

Q:4 Give Economic Terms—

Chpt- 3 A

1. A situation where more quantity is demanded at lower price Expansion of Demand.
2. Graphical representation of demand schedule Demand Curve
3. A commodity which can be put to several uses Composite Demand / Multi purpose commodity.
4. More quantity is demanded due to changes in the factors determining demand other than Price Increase in Demand
5. A desire which is backed by willingness to purchase and willingness to pay Demand.

Chapter- 3 B

1. Degree of responsiveness of quantity demanded to change in income only. Income Elasticity of Demand
2. Degree of responsiveness of a change in quantity demanded of one commodity due to change in price of another commodity Cross Elasticity of Demand
3. Degree of responsiveness of a change of quantity demanded of a good to change in its price

Price Elasticity of Demand

4. Elasticity resulting from infinite change in quantity demanded Perfectly Elastic Demand ($e = \infty$)
5. Elasticity Resulting From a Proportionate Change in quantity demanded due to a Proportionate change in Price Unitary Elastic Demand ($e = 1$)

Chapter-4.

1. Cost incurred on Fixed Factors Total Fixed cost
2. Cost incurred Per Unit of output Average cost
3. Net addition made to Total Cost of Production
Marginal cost
4. Revenue Per Unit of output sold Average Revenue
OR Price

Chapter-5

1. The market where there are Few Sellers Oligopoly Market.
2. The Point where Demand and Supply curve intersect.
Equilibrium Price.
3. The cost incurred by firm to promote sales Selling cost.
4. Number of firms Producing identical Product
Homogeneous Product / Industry
5. Charging different Prices to different Consumers for the same Product or Service Price Discrimination

Chapter-9

1. Raghv's Father regularly invests his money in stocks and bonds.

Ans: Capital Market / investment in stock market.

Stock market is an important part of Capital market. Here Securities like - share, bonds and commodities are traded.

Q:5 Complete the following statements by choosing the correct alternatives :— chpt-2

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1. In the Law of Diminishing Marginal Utility, Alfred Marshall assumes that marginal utility of money

Remain Constant.

2. As per Law of Diminishing Marginal Utility, measurement of utility is assumed to be Cardinal

3. MU of the commodity becomes negative when TU

of a commodity is Falling TU is maximum when

4. Point of satiety means

MU is zero.

5. When MU is falling, TU is Rising

6. When MU is falling (below zero), TU is Falling

Chpt-3-A

1. The relationship between demand for a good and price of its substitute is Direct

2. The relationship between income and demand for inferior goods is Inverse

3. Symbolically, the functional relationship between demand and price can be expressed as $D_x = F(P_x)$

4. When less units are demanded at high price it shows Contraction in Demand.

5 Chapter-3b

1. Price elasticity of demand on a linear demand curve

at the X-axis is Zero

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2) Price Elasticity of Demand on a Linear demand curve at the Y-axis is equal to Infinity

3. Demand Curve is Parallel to X-axis, in case of Perfectly Elastic Demand.

4. When Percentage Change in quantity demanded is more than the Percentage change in Price, the demand curve is Flatter.

5. $Ed = 0$ in case of Necessities

Chapter-4 :-

1. When Supply Curve is upward sloping, its slope is Positive

2. An Upward movement along the same Supply Curve shows Expansion of Supply

3. A Rightward shift in Supply curve shows Increase in Supply.

4. Other Factors remaining constant, when Less quantity is supplied only due to Fall in Price, it shows Contraction of Supply.

5. Net addition made to the Total Revenue by selling an extra Unit of Commodity is Marginal Revenue.

Chapter-7 :-

1. While estimating National Income, we include Only Value of Final goods and Services in Order to Avoid Double Counting

2. NDP is obtained by Deducting Depreciation from GDP

- 3) In India, national income is estimated using _____
Combination of Output and Income method:

Chapter-9

1. Development Financial Institutions were established to develop industry, Agriculture and other key sectors
2. Money market faces shortage of funds due to Inadequate savings
3. Individual investors have lost confidence in the capital market due to financial Scams
4. Commercial banks act as intermediaries in the financial system to make profits

Q:6 Find the odd word out : Chpter-5

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1. Selling cost : Free gifts, Advertisement, Hoardings, Window display, Patents. Patents
2. Market structure on the basis of competition : Monopoly, Oligopoly, Very short Period market, Perfect competition.

Ans:- Very short Period market

3. Features of Monopoly : Price maker, Entry barriers, Many sellers, Lack of substitutes

Ans: Many Sellers

4. Legal monopoly : Patents, OPEC, Copyright, Trade mark.

Ans: OPEC

Chapter-9

1. Types of Bank Accounts : Saving A/c, D-mat A/c, Recurring A/c, Current A/c.

Ans: D-mat A/c

2. Unregulated financial intermediates : Mutual fund, Nidhi, Chit fund, Loan Companies

Ans: Mutual Fund

3. Financial Assets : Bonds, Land, Govt. securities, Derivatives

Ans: Land

4. Quantitative Tools : Bank Rate, Open market operation, Foreign Exchange Rate, Variable Reserve Ratios.

Ans: Foreign Exchange Rate